

# MILFORD OPPORTUNITIES PROJECT

BUSINESS CASE

*A feasibility assessment using Better Business Case methodology  
Milford Opportunities Ministerial Advisory Group*

COMMERCIAL IN CONFIDENCE

30 June 2024



**MILFORD  
OPPORTUNITIES**





# CONTENTS

FOREWORD		PAGE 1
INTRODUCTION		PAGE 2
01	EXECUTIVE SUMMARY	PAGE 3
02	STRATEGIC CASE	PAGE 31
03	ECONOMIC CASE	PAGE 119
04	FINANCIAL CASE	PAGE 262
05	COMMERCIAL CASE	PAGE 312
06	MANAGEMENT CASE	PAGE 361
GLOSSARY OF TERMS		PAGE 452

# Foreword by by Tā Tipene O'Regan

E te tī, e te tā, e rau rakatira mā, tēnei te mihi  
atu ki a koutou.

Rere atu aku kupu mō te taoka o Piopiotahi.

Raki, the sky father, had three children by his first marriage to Pokoharua o Te Pō: Aoraki, Rakamaomao and Tāwhiri a mātea. Deciding to explore the great ocean, Te Moana-nui-a-Kiwa, Aoraki set out in his waka, Te Waka o Aoraki, with some of his other brothers. Tired of voyaging, Aoraki was attempting to lift his waka back into the realm of his father when it stranded on a reef. Aoraki and his crew climbed out onto the reef and were there for so long that they turned to stone, becoming the highest peaks of Kā Tiritiri o te Moana, the Southern Alps.

After a time, Tū Te Rakiwhanoa, a descendant of Aoraki, discovered the wreck of Te Waka o Aoraki and gazed upon the frozen faces of his whānau. After completing the takiauē (funeral process), Tū set about the great task of preparing the wreck to become a home for the people who would come after him. He created tuawhenua (peninsulas) to act as breakwaters against the raging seas of the Southern Ocean while his assistant at a invested the land with trees and forests and the coastlines with fish and other resources.

Moving on to Te Tai Poutini, the West Coast, Tū looked down on the wreck of the waka. Seeing the water and rain that had gathered in the wreck, he decided to create rivers. He made a hole and with his strong thighs he thrust against the land and released the waters. This first river was called Kā Māwheranui o Kā Kūwhā o Tū Te Rakiwhanoa.

Tū then travelled south on the western coast towards his biggest challenge. Beginning at Tāwhito-tārere (Puysegur Point), he started chopping into the land with his adze, beginning the formation of what we now call Te Rua o Te Moko (or Te Atawhenua), Fiordland. With the assistance of Hine Titama, the land was covered with forest.

After several successful attempts at shaping the land, Tū and Hine Titama (who later became Hine-nui o Te-Pō - the mother who gathers us in at death) embarked upon their greatest and final work, carving the land to create Piopiotahi Milford Sound.

While the grandeur of Piopiotahi is undeniable, there is much more to discover throughout this entire region, following the ancient pathways of our tipuna. Informed by mana whenua the Milford Opportunities Project has presented a holistic vision of how our cultural understanding of the landscape can inspire the protection needed to sustain Piopiotahi for the future. Weaving the stories of the past into the future vision for this region through the concept of a journey provides an opportunity to enrich the experience for visitors through Ngāi Tahu values.

Sitting within this internationally recognised UNESCO World Heritage site, Te Rua o Te Moko Fiordland is both a refuge for our taonga species and a place of spectacular natural beauty. Given its international status and depth of cultural significance for Ngāi Tahu as the culminating work of Tū Te Rakiwhanoa, it is difficult to think of a place more deserving of a bold commitment to achieving aspirational goals than Piopiotahi.

Many years ago, the founding Director-General of the Department of Conservation, the late Ken Piddington, invited me to work for a period as a consultant to the Department during its establishment. We formed a close friendship and he often spoke of Piopiotahi to me. I remember to this day his great words:

*"We must be very careful of this taoka, this treasure, lest we love it to death."*

With purposeful coordination and well-planned sustainable development, we have a chance to enhance the wairua or spirit of this special place for future generations and their guests.

—Sir Tipene O'Regan ONZ, CRSNZ



# Introduction

I still vividly recall the day my parents and I first travelled to Piopiotahi Milford Sound in April 1990. We'd spent the previous evening in Te Anau, woke to a blue-sky day and set off in our rental car. From the moment we crested the hill and saw the Eglinton valley, we were struck by the majesty and beauty of the journey to Piopiotahi Milford Sound. Gasps of wonder interspersed the silence as we took it all in.

I have no doubt that our experience of this New Zealand icon will be like that for visitors from around the world, and the journey to Piopiotahi Milford Sound continue to spark similar reactions in the future. Ngāi Tahu, mana whenua of this special place, have long known its majesty and significance. As Tā Tipene O'Regan so eloquently articulates, the creation of Piopiotahi is integral to Ngāi Tahu history and their connection to the wider Fiordland area.

Piopiotahi Milford Sound's significance was recognised globally with it being declared a UNESCO World Heritage site in 1986.

With the growth of New Zealand as a premier international visitor destination, and with many visitors attracted by the iconic imagery of Piopiotahi Milford Sound, visitor numbers continue to increase. Despite the best efforts of mana whenua, tourism operators, central and local government and conservation groups, visitor numbers are having a negative effect on the visitor experience, conservation, and environmental values. As a result, we have seen this New Zealand taonga deteriorate.

The Milford Opportunities Project was established to turn this around. The project produced a Masterplan that aimed to preserve and enhance Piopiotahi Milford Sound and its surrounding land and marine environments for future generations, by preserving the environment and improving the visitor experience.

This Business Case is the culmination of six years of work to develop and then test the feasibility of the Masterplan. It contains options and recommendations for Ministers to consider. It has been informed by robust research and feasibility testing and is based on the best

information currently available, here, and overseas.

The Business Case reflects the thoughts, aspirations, and experiences of a wide number of stakeholders. Many people have generously contributed their time, energy, and wisdom to this development. The sheer number of interested parties speaks to the uniqueness of Piopiotahi Milford Sound, the complexity of the issues, and the connection it inspires in those who visit, live, play and work in the area. I'd like to thank all who have been involved in getting the project to this point and to emphasise the importance of your ongoing role in realising the future state envisaged by this Business Case.

In closing I'd like to acknowledge the previous Chair of the Ministerial Advisory Board, Dr Keith Turner and Ministerial Advisory Board members, past and present. I'd also like to acknowledge the central and local government agencies who have supported the work of the board, particularly the Department of Conservation for hosting the Unit working on this project. Lastly, I'd like to acknowledge Ngāi Tahu for their unwavering support and commitment to the project.

**Jenn Bestwick**

**Chair of the Milford Opportunities Ministerial Advisory Board**



01

# EXECUTIVE SUMMARY

RELEASED BY THE MINISTER OF CONSERVATION





# 01. EXECUTIVE SUMMARY

Visited by one in two international holiday arrivals to our shores, Piopiotahi Milford Sound is a treasured taonga for Ngāi Tahu and a New Zealand icon. However, the natural environment and infrastructure are struggling to cope with increasing volumes of visitors. Persisting with the current settings for tourism and conservation risks further deterioration of the visitor experience.

This business case proposes a major change in how we manage tourism in Piopiotahi, to protect the natural environment, reduce risk, provide visitors with a unique experience, and create opportunities for Ngāi Tahu, private enterprise, and local communities to thrive.

## 1.1 A summary of key features

This business case proposes major improvements to the management, funding, and operation of Piopiotahi Milford Sound. It tests the feasibility of the original Masterplan proposals and strengthens them through an innovative self-funding model. The preferred option enables major improvements in facilities for visitors and the community, creating new opportunities for tourism operators and more resilience against the inherent natural hazard

risks of the area. This approach is combined with a way to give back to the environment over the long term through a dedicated “Piopiotahi Protection and Restoration Fund” to reinvest in the whole Milford journey and the wider Fiordland National Park and marine area. The case for taking a transformative approach to managing this area is well supported by stakeholders.

### THE PREFERRED APPROACH IN THIS BUSINESS CASE INCLUDES:

- 1 More than \$114 million available to **invest in conservation, biodiversity, and the marine environment** over the first 10 years, and more than \$4.754 billion available over 50 years, which will more than **double** the funding that DOC currently invests in Fiordland National Park over the first 10 years, and provides an **almost ten-fold increase** over 50 years
- 2 A **significant change in the visitor experience**, with the creation of new immersive cultural experiences, new commercial accommodation options, walking and cycling trails, and a reduced infrastructure footprint that enables visitors to experience the full untouched beauty of the place
- 3 A **new approach to managing access** with the introduction of an international visitor access charge (IVAC) of \$100 per adult and \$50 per child aged 14 or under, and investments to better manage the flow of visitors and encourage the use of buses and coach, and improved management of parking. A range of \$75–\$100 per adult is examined, but \$100 provides the best return for conservation and environmental outcomes.
- 4 \$592 million in **major improvements and upgrades to facilities for visitors** including significant investment in visitor experience hubs in Te Anau and Piopiotahi with new opportunities for tourism operators throughout
- 5 **Upgrades and spatial enhancements to the Piopiotahi Village to address the area’s natural hazard and seismic risk** while also designing the area to be more sympathetic to the environment and to create a greater sense of arrival
- 6 An opportunity for a **reset of the strategic vision and management** of Piopiotahi, which can embolden mana whenua, operators, conservation groups, and other parties to co-ordinate together in managing the tourism and conservation pressures Piopiotahi is facing
- 7 A range of **new commercial opportunities for private enterprise**, through streamlining processes and creating a more certain regulatory environment so that operators can make investment decisions and innovate, which will ultimately enable strong regional growth
- 8 **Giving effect to Ngāi Tahu rights, interests, and aspirations** through providing genuine opportunities for self-determination through participation in decision-making, access to commercial opportunities, and a more visible footprint within Piopiotahi.



## 1.2 Piopiotahi—a unique treasure to share and safeguard for future generations

The perceptions of a raw, untouched, and pure nature experience is a primary driver to visit New Zealand. As a unique natural environment combining high, steep mountains covered in native forest surrounding a deep fiord, Piopiotahi Milford Sound is an iconic and

memorable experience for all who visit. Its UNESCO world heritage status confirms its position as a special place and a must-see attraction. A source of national pride, 86% of New Zealanders believe it is an icon of our country.

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### Piopiotahi is a ‘jewel in the crown’ of New Zealand tourism

Its pristine natural environment and feeling of untouched wilderness and serenity make Piopiotahi Milford Sound a significant part of New Zealand’s value proposition to visitors. It epitomises Brand New Zealand and is one of the most popular tourist experiences in the country. Tourism to Piopiotahi Milford Sound has almost doubled over the last decade, with about 83% of all visitors being international tourists.

There is no question that New Zealand benefits substantially from the iconic status of the place, as evidenced by the fact that:

- > Half of all international holiday arrivals to New Zealand choose to visit it.
- > Fiordland National Park is the most visited national park in New Zealand, attracting 35% of all visitors to national parks.
- > Piopiotahi is a key attraction within Fiordland, with 77% of the visitor spend in Fiordland spent by visitors to Milford Sound.

It is the third-most popular experience in the country and one of the most popular experiences for visitors to Queenstown.



Image by Ray Sailsbury

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## Piopiotahi is of great cultural significance to Ngāi Tahu

Te Rua o te Moko is an extremely important place in the Ngāi Tahu landscape. It was the last great work of Tū Te Rakiwhānoa, who was the carver of rock, shaping Te Waipounamu (the South Island) and making it fit for people to live in. Piopiotahi is located in the northern stretches of Te Rua o Te Moko.

Ngāi Tahu are tāngata whenua of Te Rua o te Moko and mana whenua is exercised by eight

Papatipu Rūnanga on behalf of Ngāi Tahu whānui. Ngāi Tahu has maintained ahi kā roa in Te Rua o te Moko for centuries, and the expression of its cultural heritage is fundamental to Ngāi Tahu exercising rangatiratanga and kaitiakitanga in Piopiotahi and the wider area. Ngāi Tahu has a richly diverse living heritage, including tikanga, mātauranga, and pūrākau that deepen the identity, wellbeing, and social cohesion of this iwi. Piopiotahi and the wider area have long been a significant feature of Ngāi Tahu history and its seasonal lifestyle.

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## Piopiotahi is an important contributor to the tourism economy

The visitor economy and tourism are significant earners for the Southland region as well, making up 10% of regional GDP and being the fourth-largest earner for the Southland region pre-COVID.

Fiordland itself is more reliant on international tourism, with 65% of tourism spending in the district coming from international visitors in 2019 compared to 40% for New Zealand

generally. The high proportion of international tourists brings with it economic opportunities for local businesses providing accommodation, transport, food, and visitor experiences. In this way, tourism makes a significant contribution to regional employment, economic output, and tax revenue.

In 2019, 77% of the visitor spend in Fiordland could be attributed to visitors to Piopiotahi Milford Sound. That \$190 million, out of a total visitor economy in Fiordland of \$250 million, is a direct result of Piopiotahi as a magnet attraction within the region.

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## Fiordland National Park and the marine environment is home to many endangered species

At over 1.2 million hectares, Fiordland National Park is our largest national park and one of the biggest in the world.

It is a nationally and internationally significant park for its role in the conservation of many ecosystems and species.

The area supports a wide range of highly intact ecosystems that support very high diversity of indigenous species, including many nationally threatened or at-risk plant, bird, insect, lizard, bat, and marine mammal species. Several of these species are either endemic to Milford

Sound Piopiotahi or have a nationally significant population present in the park.

Invasion by marine pest species is the single biggest threat to the marine conservation values of Piopiotahi. Although there are no known marine pest species within Piopiotahi, these can be introduced by a range of vessels (from large commercial vessels to small private craft) through biofouling<sup>1</sup> of pest species when these vessels are travelling through other areas of the country, including from elsewhere in Fiordland where the Asian kelp *Undaria pinnatifida* is present. As well as biosecurity risks, overfishing is a concern, especially for recreationally and commercially targeted species such as blue cod, rock lobster, and pāua.

<sup>1</sup> The accumulation of microorganisms, algae, plants and small animals on surfaces of marine vessels.



Some of Fiordland National Park's ecosystems and species are globally unique, as recognised by its status as a National Park and UNESCO World Heritage Site.

Ongoing conservation efforts focus on retaining and protecting the area's conservation values. These values are threatened by the impacts of humans, and introduced animal and plant pest species.

The ecological values of the Park and Milford Sound Corridor are largely dependent on active efforts to control predators and pests. They are sensitive to unmanaged visitor impacts or further habitat loss.



Image by Adam Edgerton via Unsplash

## 1.3 As visitor volumes continue to grow, the tourism and conservation system faces increasing pressure

A wide range of connected challenges need to be addressed relating to how tourists and commercial activities are managed, the ageing infrastructure, fragile eco-systems, and the overall governance of the tourism and conservation system.

Mana whenua feel they are limited to reacting to what is happening in the area and that their stories are extracted from their cultural context and poorly understood.

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### Congestion is degrading the visitor experience through an erosion of the sense of untouched wilderness

Approximately 880,000 people visit Piopiotahi Milford Sound each year via the Milford Road (SH94). Around 50% come by bus, 45% by car, and 5% by campervan. Almost all visitors enter and exit in one day. A further 200,000 people typically enter Piopiotahi each year on large cruise vessels.

The “cul de sac” nature of SH94 and the lack of accommodation in Milford Sound mean that almost all visitors enter and exit Milford Sound on the same day. The visitor flow is lumpy, which causes significant congestion at the Homer Tunnel in the late morning/early afternoon period when the two flows meet. It also creates

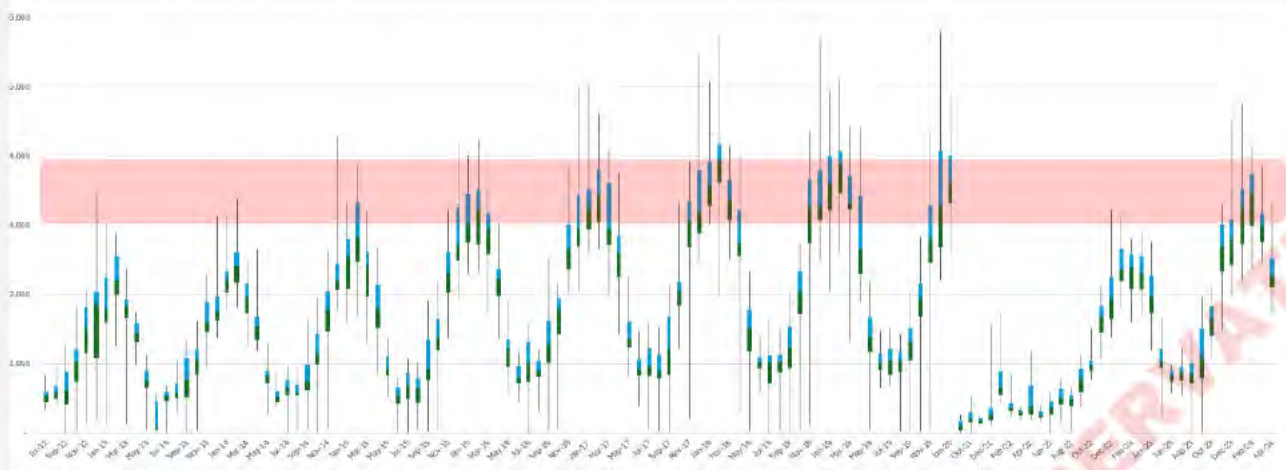
congestion in Milford Sound itself when visitors arrive and leave between 11 am to 3 pm.

Surveys have demonstrated that with the current level of infrastructure and services in Milford Sound, visitors start reporting nuisance from crowding in surveys when tourist numbers reach between 3,000 and 4,000 per day. Visitor numbers regularly reach and exceed these levels between the busiest months of November and April, meaning current visitor levels are already at a critical limit where the experience is noticeably impacted.

There is a risk that as tourism continues to increase without sustainable management, the associated crowding effects, loss of amenity, and degradation of wilderness and conservation values would erode the visitor experience over time.



Figure 1. Daily visitor numbers to Piopiotahi by month, 2013 to 2024



Source: Milford Sound Tourism Limited

The regulatory system frustrates and slows investment and decisions that could improve the visitor experience and conservation outcomes ...

The current concessions system in Milford Sound has not effectively protected conservation values and visitor experiences while supporting private enterprise, nor has it created incentives for private competition, investment, and innovation for these purposes. This disconnect creates a lack of cohesive strategy, with participants working against each other, despite having a shared ambition for improvement.

1. **Concessions have often been allocated reactively, with first-in-first-served being the norm.** This risks limiting incentives for competition and innovation that would enhance the visitor experience, as well as innovation in mitigating environmental effects.
2. **Concession conditions are often not oriented to strategic objectives.** Conditions are generally aimed at defining the scope of the activity and managing its effects. They often are not aimed at ensuring that the activity provides a high-quality visitor experience, that visitors are managed effectively, and that broader conservation objectives are achieved.

Operator also are limited in their ability to contribute back to the natural environment.

3. **Fees are variable.** Approaches to setting fees vary and are inconsistent, and do not necessarily reflect the value of the rights provided by the concession. Revenues from concessions do not appropriately reflect the costs of administering and managing the system.
4. **Many concessions are the result of legacy arrangements (including pre-Conservation Act).** This includes some critical concessions granted for 30-year terms in the early 1990s and with only limited changes since then to respond to external pressures. There is limited ability to change concessions once they are granted.
5. **Long processing times add uncertainty and transaction costs for concession holders.** Some concessions are currently expired, with the holders waiting for a new application to be considered. Long processing times create uncertainty for these businesses, which is a barrier to investing in improvements. Additional resource consent requirements under the Resource Management Act may slow the process further.

Ngāi Tahu have previously raised concerns over the lack of a strategic approach to managing



concessions. Their concerns include the concession system's limited ability to consider the hauora of Piopiotahi and the rights and interests of Ngāi Tahu.

The collective impact of these limitations in the existing regulatory and planning framework is to

limit operators' ability to improve the visitor experience through investing and innovating, and also to limit their ability to manage adverse effects on the natural environment.

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## ... and is compounded by a fragmented management and governance regime

Current arrangements for management and governance of Piopiotahi Milford Sound are complex.

The area sits at a nexus of regulatory regimes, with responsibility dispersed across several central and local government agencies.

This has resulted in a situation in which:

- > there is no shared vision or regulatory co-ordination for the place (including no agreed approach or guidance on how to make trade-offs between commercial, tourism, and conservation outcomes)
- > Ngāi Tahu are unable to participate and reflect their values and heritage within the place
- > current management tools are inflexible and not responsive to emerging pressures, and
- > dispersed responsibilities have created a lack of transparency and lack of certainty, with operators needing to navigate a range of regulatory regimes to seek both concessions and consents. Decisions are made separately

under each regime, and under inconsistent timelines.

### A change is needed

Overall, the current arrangements are not well suited to address the pressing challenges facing Piopiotahi Milford Sound. The current frameworks do not provide sufficient tools, and do not enable responsive management that can adapt to changing circumstances. A new system is needed that can:

- > **support more coherence across multiple regulatory systems**, reduce costs of compliance, and provide more certainty, to better incentivise investment that meets the needs of the natural environment
- > **increase coordination between management entities and operators** as they tackle the most pressing challenges, including growing congestion
- > **provide greater clarity and certainty on the outcomes we are seeking** from infrastructure investment, and more effective prioritisation of that investment, and
- > **enable a shared vision and outcomes to drive collective contribution** to conservation work and individual actions to mitigate effects.

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## Ageing infrastructure in the area is not equipped for higher visitor numbers and is vulnerable to resilience risks

Piopiotahi Milford Sound is not well organised for the spectacular experience that it offers, and has not changed significantly in response to increasing visitor numbers. Most of the infrastructure is old and in poor condition, and is inadequate for the current visitor demands. It is also difficult to obtain funding for upgrades.

The aerodrome dominates the landscape in Piopiotahi Milford Sound. It divides the main visitor area in two, separating Deepwater Basin from Freshwater Basin, with the current road entry providing limited views of the fiord from the road on the journey into Piopiotahi. Its presence and location is a barrier to spatially planning a route for visitors that provides clear and spectacular views of Piopiotahi on arrival.

The Masterplan argues that “a balance is needed to ensure the plans, activities,

infrastructure and visitor experience are resilient to change and risk and aligns with the principles of sustainability while allowing an increase in the connection of people with nature and the landscape”.

### Visitors are at risk from natural hazards, but have a low level of awareness of the risks

The isolation, wildness, and geological extremes that make Piopiotahi Milford Sound so attractive to tourists also present hazards, both for the visitors and local staff. The Masterplan emphasises that the natural hazard risks in Piopiotahi are substantial and under-appreciated. For example, the fatalities

following a landslide-induced tsunami would be between 1,900 and 2,800, if it happened on a busy summer day and given the current infrastructure. There is a 16% chance of an event of that kind happening over 50 years.

The Masterplan notes that destructive floods, avalanches, rockfalls, earthquakes, and tsunami are all present and observable threats in Piopiotahi Milford Sound, and that the infrastructure, and by extension the workers and visitors, are at risk from those hazards. It recommends using hazard mitigation as a key pillar for guiding decisions on the development of tourism infrastructure in Piopiotahi.

## The increasing stress on the environment compromises the core wilderness experience and potentially New Zealand’s tourism brand

The environment and its indigenous species and habitats are under increasing stress. This compromises the core wilderness experience and conservation values, and presents risks to New Zealand’s tourism brand and image globally.

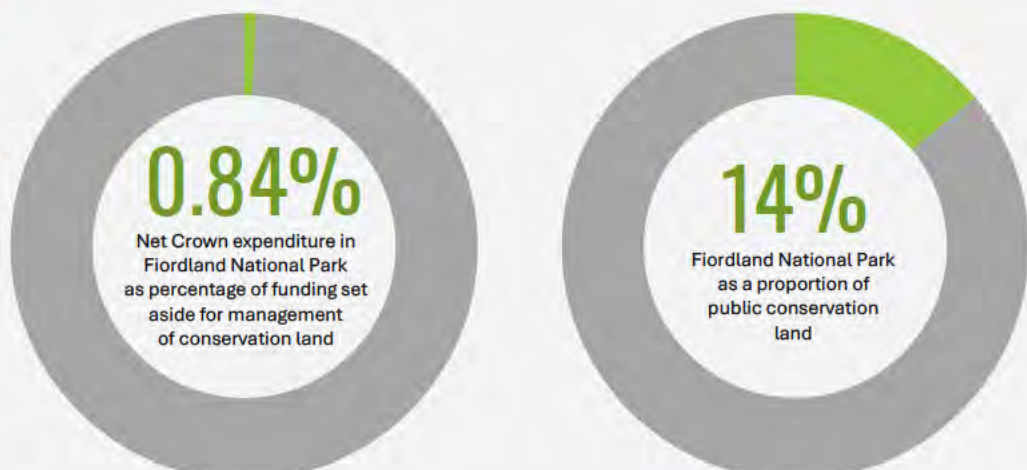
Research has found that the perception of wilderness and remoteness was negatively affected by the increased amount of unmanaged activity in the Park.

Further degradation of the natural environment at Piopiotahi Milford Sound would have a

significant impact on New Zealand’s tourism brand and image, given its prominence in our visitor proposition and popularity with international travellers. This in turn would have a negative economic impact on the businesses and communities that depend on tourism.

The Department of Conservation estimates that it spends up to \$9.7 million a year on managing biodiversity and recreational opportunities in Fiordland National Park. That represents around 1.5% of the total appropriation for Vote Conservation to promote and protect New Zealand’s natural and cultural heritage and visitor opportunities for conservation purposes in 2024/25, or 0.84% when accounting for revenue generated annually from recreation fees across Fiordland National Park.

Figure 2. Comparison of Crown expenditure on Fiordland National Park relative to its size relative to the conservation estate





Conservation assets and responsibilities have increased significantly over the years but the resources to sustain them have not always kept pace. Fiscal pressures on the Department of Conservation have meant that significant time and resources are dedicated to maintaining visitor assets on the conservation estate, which are not fully cost-recoverable. These cost

pressures limit the funding available for biodiversity efforts. In 2023, the Department of Conservation said that “improving outcomes for nature requires shifting resources from recreational assets to biodiversity in the short term, or finding ways to increase revenue or funding.”



Image by Colin Sickler via Unsplash



## 1.4 We have a **significant** opportunity to provide our international visitors with a world-class experience while also protecting and enhancing the natural environment

This business case presents an opportunity to tackle these challenges in an integrated way, recognising that they are intrinsically linked to the way the tourism and conservation systems are currently managed. This calls for:

- > A more co-ordinated decision-making approach that enables more responsive management of Piopiotahi Milford Sound, including of safety and hazard risks; more clarity in how to make trade-offs between conflicting priorities; and greater certainty for private operators so they can invest and innovate.
- > A managed access approach that disperses visitors along the Milford Corridor and Te Anau to reduce the congestion and associated impacts in Piopiotahi itself.
- > Mechanisms that enable tourists to contribute more to the natural environment and infrastructure they enjoy and to support the financial sustainability of the place.
- > Opportunities for Ngāi Tahu to exercise their rangatiratanga, kaitiakitanga, and manaakitanga and to provide full value to the Ngāi Tahu whānui, to the communities of Piopiotahi, and, through their hospitality, to domestic and international visitors.
- > Better management of visitors and the inherent risks they face, which would generate a positive impact on long-term

conservation outcomes, and greater use of private enterprise to achieve economic benefits for the region.

### **Alignment with government priorities**

Better management of visitors and more use of private enterprise would align well with the current Government's overarching priority of building a stronger, more productive economy that increases real incomes and opportunities for all New Zealanders.

Supporting a flourishing Piopiotahi Milford Sound also aligns with the Government's aim of developing a tourism infrastructure and workforce that can provide a world-class visitor experience to more visitors to New Zealand.

### **A coordinated reset is needed**

A reset and shift is needed across the interconnected areas of governance, funding, infrastructure, visitor management, and commercial operations. Tackling these challenges in a piecemeal or stepped approach is unlikely to achieve long-lasting change that places the management of Piopiotahi Milford Sound on a sustainable footing.

The investment objectives for this business case speak to this opportunity.

Table 1. Investment objectives

#	Investment objective	Description
1	The role of Ngāi Tahu as mana whenua and Treaty partner is acknowledged, and Te ao Māori values are embedded throughout	<p>Ngāi Tahu has maintained a connection with Te Rua-o-Te-Moko Fiordland for centuries, through whakapapa and through place-based practices such as mahinga kai, as well as the presence of nohoanga.</p> <p>The significance and importance of mahinga kai and nohoanga are noted as a special part of Ngāi Tahu cultural identity, and these practices bind tangata whenua to its culture.</p> <p>The intent of this objective is to ensure that the place of Ngāi Tahu in the landscape and guardianship of mātauranga Māori me te taiao (Māori knowledge and the environment) is recognised and acknowledged.</p>
2	Results in significantly improved governance and management of the area	<p>Establishing a new governance model is necessary to achieve the intent of the Masterplan and will require a collective effort across a wide range of stakeholders, including central and local government, mana whenua, local enterprise, and the community.</p> <p>The intent of this objective is to design an effective and suitable governance and management model that supports integrated management between Piopiotahi Milford Sound, the Milford Corridor, and Te Anau.</p>
3	The area is supported by a self-funding, sustainable commercial model as much as possible	<p>The intent of this investment objective is to put in place a commercial model that is self-funding—that is, not funded directly from the Crown. Current funding mechanisms to support investment including in conservation management, are not optimal, and the Department of Conservation (DOC) is in a difficult position as it tries to preserve and protect core conservation assets while also facilitating visitation.</p> <p>This objective is focused on designing a new funding approach that can sustainably support the investments outlined in the Masterplan.</p>
4	The visitor experience is world-class, underpinned by enhanced conservation and unique natural values that protect Piopiotahi Milford Sound for future generation	<p>The intent of this investment objective is to shift the visitor experience so that visitors experience the true essence, beauty and wonder of Piopiotahi Milford Sound and Murihiku Southland.</p> <p>This could include investing in curate storytelling, infrastructure development that is sympathetic to place and space, and a wide range of choices that are suited to a multi-day experience.</p> <p>Finally, the intent here is also to ensure that tourism can become an engine for supporting and funding conservation and the environment.</p>
5	Delivers infrastructure that is effective, efficient, resilient, and environmentally sustainable	<p>This investment objective is about ensuring that infrastructure throughout the Masterplan area is adaptable, and resilient against changes and risk, changing visitor trends, and other external drivers.</p> <p>The intent of this objective is also to ensure that infrastructure development is sympathetic to place and space, as noted above, and that the use, management, and upkeep of this infrastructure is commercially sustainable.</p>
6	The benefit of hosting visitors and enabling private enterprise is extended to the communities of Southland and Otago	<p>This investment objective is about ensuring that any investments help encourage visitors to spend time in other parts of the region, and help enable private enterprise that brings benefits for the broader stakeholders and communities throughout the broader region, including Ngāi Tahu, and the communities of Te Anau, Murihiku Southland, and Otago.</p>

## 1.5 Our preferred option represents a step change in how tourism and conservation will be managed in the area to respond to current and future pressures

The preferred option takes an integrated approach to addressing the challenges at Piopiotahi Milford Sound, recognising these are interconnected and cannot be tackled in a piecemeal way. Key components of the preferred option are that it:

- > **delivers new experiences and activities** along the corridor, and **realigns the spatial layout of Piopiotahi Milford Sound** to enable a compelling sense of arrival, including a new visitor centre
- > **manages access through** a combination of investments and restrictions to shift people away from travelling to Piopiotahi Milford Sound by private vehicle and to spread the flow of visitors during the day
- > **introduces an international visitor access charge** recommended to be \$100 per adult and \$50 for children 14 and under, for visitors entering the national park corridor, village, or inland waters, to be collected directly through an online payment system or via concessionaires
- > **establishes Piopiotahi Protection and Restoration Fund**, funded through the international visitor access charge, to invest directly in protecting, restoring, and enhancing the natural environment in Fiordland National Park and the Fiordland marine area
- > **manages concessions differently**, including through setting higher standards and expectations for operators, and through using proactive approaches to statutory planning for and allocating of concessions. This will be complemented with more deliberate monitoring, oversight and performance management of commercial activities against agreed expectations
- > **provides for more coordinated and dedicated governance and management of the place**, to ensure responsive decision making supported by clear trade-offs, greater presence, and clearer tools to draw on (covered further in the management case), and
- > **retains the aerodrome and cruise ship access**, but with increased focus on minimising environmental effects and on investment to better match the world-class experience the area warrants (in line with improvements in this area across all forms of operation).

This option seeks to make tourism in Piopiotahi Milford Sound more sustainable and higher value while protecting and enhancing the significant conservation, environmental, and cultural values of Piopiotahi. It does this through major improvements to facilities for visitors and the community, combined with using the dedicated Piopiotahi Protection and Restoration Fund to give back to the environment over the long term. The Fund will be used to reinvest in the whole Milford journey and wider Fiordland.



## Conservation activities that the Piopiotahi Protection and Restoration Fund could enable

The funding enabled by the IVAC presents significant new opportunities to accelerate conservation activities in the Fiordland National Park and Marine area. These could include:

### Predator and pest control

The frequency and timing of predator control operations depend on the needs of the species being protected and the characteristics of the ecosystems at each site. Sustained control is cyclical, occurring typically every 3 to 4 years.

Based on DOC's average national costs for sustained predator suppression, across 1.2 million hectares in Fiordland, full suppression would cost approximately \$14.5 million a year.<sup>2</sup>

### Wild animal control

The wild animal management control carried out each year depends on the biodiversity value of a site, other threats and pressures at the site, and other conservation activities.

Based on DOC's estimated national costs for sustained wild animal suppression, across 1.2 million hectares in Fiordland, full suppression would cost approximately \$4.5 million a year.<sup>3</sup>

The preferred option creates a virtuous cycle for tourism, community aspirations, conservation objectives, and Ngāi Tahu aspirations, through a self-funding, regenerative model

- provides an opportunity for a **reset of the strategic vision and management** of the place, on that can embolden mana whenua, operators, conservation groups, and other parties to manage tourism and conservation pressures in a co-ordinated way
- provides a **shift to a self-funding model** that helps to manage the added costs and relieves dependence on Crown funding in the immediate future, which is likely to be limited under current fiscal pressures
- provides a **major change in the visitor experience**, with the creation of new immersive cultural experiences, new accommodation options, walking and cycling trails, and a reduced infrastructure footprint that enables visitors to experience the full untouched beauty of the place
- gives **effect to the rights, interests and aspirations of Ngāi Tahu** by providing genuine opportunities for self-determination through participation in decision-making, access to commercial opportunities, and a more visible footprint within the place
- creates **new commercial opportunities for private enterprise**, through reducing compliance costs and creating a more certain regulatory environment so that operators can make investment decisions and innovate, which will ultimately enable strong regional growth, and
- **significant reinvestment** into conservation and the environment across Fiordland National Park and the Fiordland Marine area.

<sup>2</sup> Costs based on a four-year cycle of 1/3rd at \$45/ha + 1/3 at \$55/ha (additional costs due to distance of delivery – helicopter travel time))

<sup>3</sup> (Costs based on a four-year cycle Alpine habitat c. 400,000 ha c. \$4/ha per treatment, Forest habitat Forest c. 800,000 ha c. \$20/ha treatment = \$18m every four years)

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## Critically, this business case is well informed by an analysis of the current undesirable level of natural hazard risk

Emerging evidence of and insights into the specific natural hazards facing Piopiotahi Milford Sound has weighed heavily on the Board's assessment of options and the choices of infrastructure to be included.

This was combined with specific feedback from tourism operators who, informed by the Whakaari White Island tragedy, saw this as an opportunity to significantly improve the approach to resilience and safety at Piopiotahi Milford Sound by taking a more integrated approach.

The presence of natural hazards in Piopiotahi Milford Sound and the Corridor is not new, with significant exposure to landslides, avalanches, and rockfalls. These are all being managed

under existing strategies, including through the Milford Road Alliance.

During the Board's feasibility testing, the evidence on the risks posed by an Alpine Fault earthquake of magnitude 8.0 or greater has gained prominence. A landslide-induced tsunami impacting Piopiotahi Milford Sound has been identified as the greatest natural hazard risk facing the project, one requiring new mitigation measures.<sup>4</sup>

Expert research and analysis has identified that there is a 75% probability of an Alpine Fault earthquake within the next 50 years for which there is a 44% probability of a landslide entering the Fiord, which could then create a landslide induced tsunami. Such an event would be catastrophic, posing significant risk to life.<sup>5</sup>

These risks have informed the approach to the preferred option.

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## The preferred option brings nationally significant benefits

The preferred option brings a range of nationally significant benefits, including:

- > reversing the current trajectory that is likely to see the natural environment and visitor experience degraded, and avoiding the potential damage this could bring to New Zealand's tourism brand and image
- > enhancing the profile of New Zealand tourism through developing a sustainable model of tourism that gives back to the environment, mana whenua, and local communities
- > strengthening the value proposition of Te Anau and Piopiotahi Milford Sound for visitors, which will contribute to a thriving Southland regional economy

- > delivering significant economic benefits for the Southland region, including new jobs and added value to the regional economy
- > paving the way for a shift to a more resilient model of tourism, one that attracts a wide range of visitors and encourages slower tourism that builds more authentic connections with the natural environment and cultural heritage
- > relieving some of the pressure on Queenstown by freeing up accommodation currently used by visitors who spend their day in Piopiotahi Milford Sound and making it available for visitors wanting to stay and explore Queenstown and surrounding areas, and
- > providing useful insights for how to respond to similar pressures in other places in New Zealand – although the approach to funding, governing, and delivering the preferred option has been prepared solely with Piopiotahi Milford Sound in mind.

<sup>4</sup> WSP, *Milford Opportunities Project Natural Hazard Assessment Part B: Basic Risk Assessment*, 11 June 2024.

<sup>5</sup> Taig and McSaveney. *Milford Sound risk from landslide-generated tsunami*. 2015

## Economic benefits of the preferred approach

The preferred approach will bring economic benefits to the Southland region from the increased infrastructure and conservation expenditure proposed through the IVAC revenue.<sup>6</sup>

Over the 12-year construction period:

- > employment opportunities will increase by 215 additional FTEs per year
- > local GDP will increase by \$27.9 m per year

Over a 50-year period, investment from funding for conservation and the environment:

- > will increase employment opportunities by 594 additional FTEs per year
- > will increase local GDP by \$73.9 m per year

The tourism economy is expected to increase:

- > to 1.3m Fiordland guest nights in 2030, rising to 2.9 m in 2080
- > to a \$231 m annual visitor spend in Fiordland in 2030, rising to \$432 m in 2080.

<sup>6</sup> This economic impact analysis will depend heavily on the composition of the projects funded. This will be uncertain until the first plan is prepared but may result in a wide range of outcomes. For example, science to study the benefits of a particular ecosystem would be less likely to generate job numbers than planting or similar.



## 1.6 The preferred option is forecast to be fully self-funding, with the ability to generate significant amounts of ongoing revenue that can then be invested in conservation and environmental activities

Option 4 can be delivered with limited to no up-front Crown financing, and can function as a significant future revenue source for investment, operating costs, and conservation and environmental activity in the National Park and marine environment, contributing to economic activity in the broader region.

This assumes the introduction of a \$100 international visitor access charge for adults, with a \$50 charge for children 14 and under, as the key enabler of the preferred option's self-funding potential. A range of other IVAC levels (\$75–\$100) is fully examined in the finance case. However, a \$100 adult charge is the rate that

has the potential to generate a significant revenue stream in perpetuity, which can be used to meet the programme's costs. It can also potentially be used as a revenue stream against which private finance could be secured, and form the basis through which the overarching programme could be self-funding.

A total of \$4,477.454 million needs to be funded, and a total amount of \$4,753.507 m is estimated to be available with the international visitor access charge set at \$100 (adults) / \$50 (14 years and under) per visitor. A summary is included in the following table.

**Table 2: Total costs to be funded**

Cost category	Total financial costs
Project Capital Expenditure	\$591.922m
Renewal Capital Expenditure	\$1,367.636m
Project Operating Expenditure	\$31.888m
Ongoing Operating Expenditure <sup>7</sup>	\$1,512.381m
Depreciation expense <sup>8</sup>	\$973.557m
<b>Total costs required to be funded</b>	<b>\$4,477.454m</b>
<b>Revenue available for conservation and environment activities</b>	<b>\$4,753.507m</b>

The preferred option includes for a range of costs to be funded:

- > the costs to upgrade and maintain infrastructure to the extent necessary to support an enhanced visitor experience
- > other operating costs, including the costs to govern, manage, and administer the programme, and the interest and other costs associated with the financing arrangements, and

<sup>7</sup> A more detailed breakdown of operating expenditure is included later in this document.

<sup>8</sup> In addition to funding from depreciation, the modelling includes capital refreshes and maintenance of assets that are funded from cash reserves on the entity's balance sheet, beyond the expense accrued as part of depreciation.

The revenue generated through the IVAC could be applied to further investment in conservation and environmental activities throughout Fiordland National Park, to the benefit of the broader region including the marine

environment. This helps to reduce the estimated investment gap that currently exists in conducting conservation activities across Fiordland National Park and in the marine environment.

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## Financing the preferred option

The business case sets out a bold new approach to funding the required investment. There is limited funding available within the current Department of Conservation baseline for the management of Fiordland National Park, and that funding is highly unlikely to increase to a level that would meet the investment requirements imposed by higher visitor volumes. Funding within the significant marine environment, met by Environment Southland, is also heavily constrained.

It is proposed that the international visitor access charge (IVAC) be set at a level of \$100 per adult and \$50 per child aged 14 or under, in order to provide sufficient revenue to ensure the preferred option is self-funded over its life. A range of \$75-\$100 was considered, but \$100 provides the best reinvestment in conservation and environmental outcomes.

The business case proposes introducing this new charge on 1 July 2027, in time for the 2027/28 financial year.

The IVAC and its associated revenue can be ring-fenced and structured in an Infrastructure Funding and Financing 'IFF-type' arrangement. This would give the management entity the ability to source private finance against this levy revenue.

Under this approach, investments that are needed before the levy takes effect and the sourcing of private finance would be able to be funded with a fiscally neutral Crown loan, which would be paid back immediately upon the structuring of any private finance deal.

More than 50% of assets and services proposed as part of the preferred option could be delivered by the private sector, through new concession arrangements, representing significantly increased opportunities for the economic growth of the tourism sector in Piopiotahi Milford Sound. The revenues generated from the IVAC can also deliver more than \$4,753.507 million in additional funding to support conservation and environmental activities within the broader Fiordland National Park and related marine environment.

## 1.7 The preferred option creates opportunities for existing and potentially new private-sector concessionaires

The spatial plan and proposed investments represent the most significant shift in the available infrastructure in Piopiotahi Milford Sound in more than a generation. The proposed investments represent a seminal opportunity to future-proof and protect the place, with its great importance for mana whenua, for the tourism operators who rely on its international appeal for their prosperity, and for all New Zealanders.

The preferred option introduces a significant shift in the visitor management approach at Piopiotahi Milford Sound, including a reduced footprint in Piopiotahi village itself to manage natural hazard risks and reduce congestion. This approach will have a material impact on existing concessionaires, especially those with an

ownership interest in the hotel and visitor centre and core infrastructure within Piopiotahi itself.

At the same time, this option will provide a suite of opportunities to a range of potential commercial partners, from mana whenua, to infrastructure developers and operators, as well as tourism operators and the local community.

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### A new asset management and investment plan over a period of at least the next 10 years should be developed, to guide the implementation of the preferred option

At the same time, as the proposed changes are envisaged to be delivered over a time period of at least twenty years, the programme is proposing a new Piopiotahi Investment and Delivery Entity to manage the delivery of proposed works, and to help develop a long-term asset management plan (Piopiotahi Amenities Area and Investment Plan), which will guide decisions associated with when to construct assets, and how potential partners may be involved.

The business case proposes that the Piopiotahi Investment and Delivery Entity develops an overall asset management

strategy and plan, which outlines the planned investment, and is similar to the form and structure of the long-term plans that are used to outline local authority expenditure on services and assets.

The Piopiotahi Amenities Area and Investment Plan would be developed and owned by the entity and updated every three years and could also be used to build pipeline certainty for future investment opportunities for potential infrastructure partners and tourism operators with interests in Milford Sound Piopiotahi and the broader region. This approach would also help to best manage any potential capacity and capability issues that may arise in the development and introduction of new infrastructure assets throughout Fiordland. This plan would also include the approach to funding investments that protect, enhance and restore the natural environment in the Fiordland National Park and associated marine area.



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## There are a range of commercial delivery models that can be used to deliver the investments in a more strategic way...

The proposed investment to improve visitor experience and mitigate negative environmental and conservation effects provides a platform for thinking differently and more strategically about who provides what services.

The delivery entity also has a range of choices for how it leverages these opportunities through strategic partnering and a shared sense of ownership of the environmental and visitor management of the area.

The proposed investment plan approach offers a range of programme level benefits that will significantly enhance the efficiency, cost effectiveness, and contribute to the overall success of the programmed investment. Importantly, this level of investment activity within such a pristine environment, will need to be delivered in a way that does not detract too much from delivery of a world class visitor experience. Key benefits include procurement economies of scale, stronger supply partnership and stability of workforce (which is particularly important given the remote location for works delivery) and risk management (given the need to delivery work in a complex high-risk environment and fragile ecosystems).

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## ...paired with a strategic approach to allocating concessions

The proposed management and governance arrangements detailed in the Management Case set out a shift in how permissions are managed in Piopiotahi Milford Sound. This includes key shifts to focus on shared outcomes and taking a more strategic and co-ordinated approach to managing activities (as opposed to an effects-based approach)

This involves making use of tendering or other strategic procurement disciplines to improve the way concessions are allocated and managed, in line with the overall vision and strategy for Piopiotahi. This approach will ensure

that concessions are awarded to the operator and activity that best meets the broader objectives (rather than on a 'first in first-in-first-served' basis). It will also enable strengthened performance management and provide more certainty to operators.

Of great importance, is the application of the primary relevant Treaty principles, active protection and partnership, to ensure Ngāi Tahu is given appropriate opportunity to participate in any concession opportunities presented by the plan. These considerations will pay particular regard to the economic benefit to iwi, the active protection of mana whenua interests and the consideration and protection of identified cultural values.

## 1.8 The preferred option will be best delivered through a new strategic approach supported by a dedicated entity

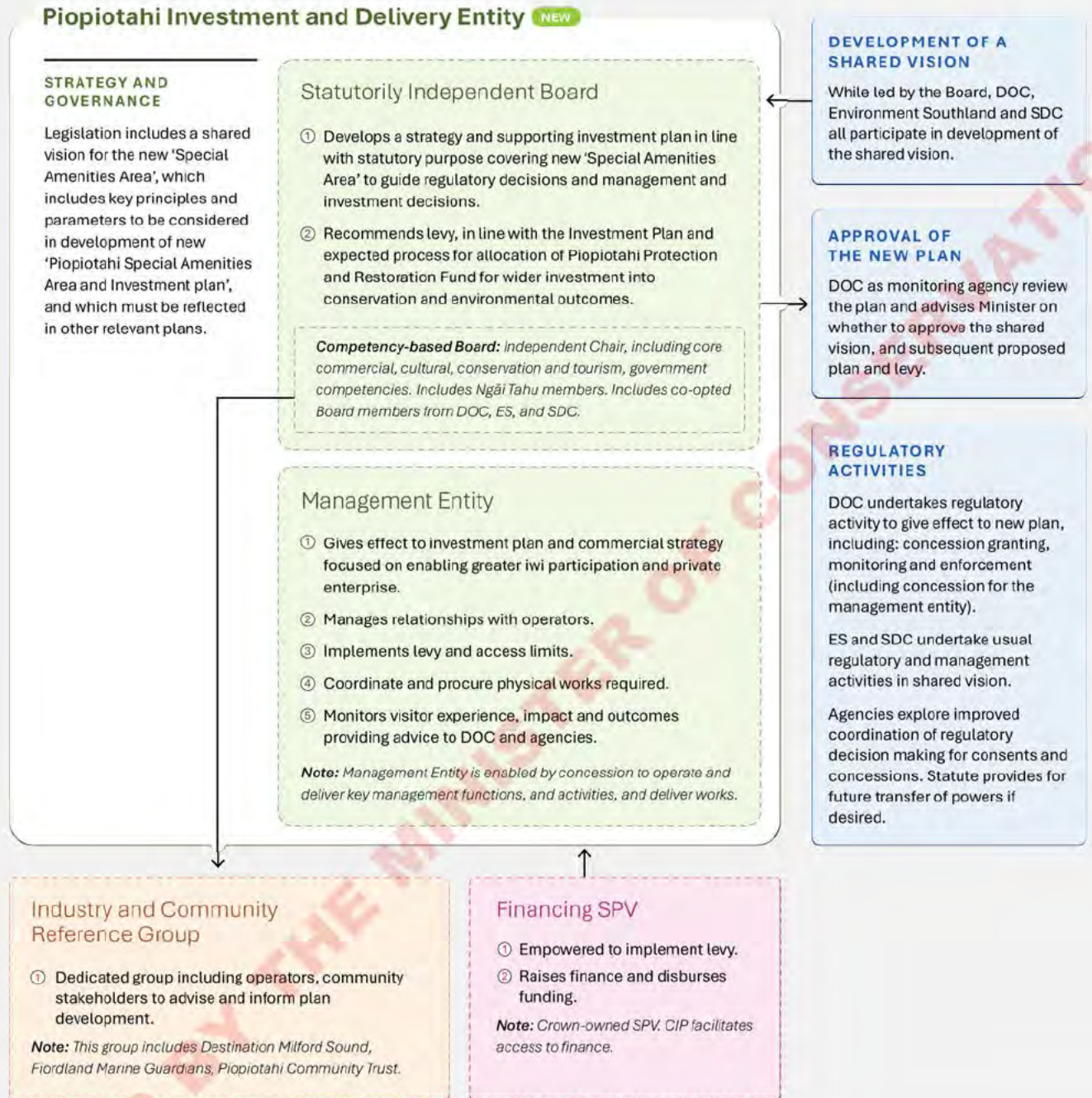
The Board's preferred option includes a new approach to the governance and management of Piopiotahi Milford Sound.

### KEY FEATURES OF THIS NEW APPROACH INCLUDE:

1	Creating an <b>enhanced Special Amenities Area</b> , to better manage the pressures of high volume
2	Providing for a <b>shared vision</b> to guide the activities of interested parties on both the land and the water
3	A <b>more responsive planning approach</b> through a new Amenities Area and Investment plan – this would <b>replace relevant sections of the National Park Management Plan</b> for the new Special Amenities Area, and identify the packages of works to be delivered and over what timeframe
4	<b>DOC regulatory activities</b> that are needed to give effect to the new plan, with that plan identifying the appropriate concessioned activity, the proposed allocation process, and the conditions to be set
5	<b>Environment Southland and Southland District Council planning functions</b> that are also needed to give effect to the shared vision, including through the Coastal Plan, the District Plan, and regional policies and plans, including the regional land transport plans
6	Primary responsibility for governance and management of that area shifted to a <b>new Piopiotahi Investment and Delivery Entity</b> , with its purpose and functions defined in legislation
7	Institutional arrangements and accountabilities <b>to support private financing</b> .



Figure 3. Proposed management and governance arrangements





## 1.9 We would expect the option to be implemented over 12 years, split into three horizons

The programme to implement the preferred option is significant, and investment certainty is needed for operators.

As set out in the Commercial Case, we propose a phased approach, to ensure the stages are manageable and that complexity and risks can be managed, and also to reduce disruption and increase the level of financial control. This phased approach needs to include a clear path forward for operators, who have faced several years of regulatory uncertainty.

We propose that the future Piopiotahi Investment and Delivery Entity be responsible for delivering the investment plan. The plan would set out the overall asset management strategy and planned investment, including timing. This business case provides a significant platform for the development of this plan.

We have developed a high-level implementation plan (Figure 4), setting out the focus of activities across three main stages.

The implementation approach generally seeks to begin physical works in the Corridor and Te Anau before works in Piopiotahi Milford Sound village.

This is intended to minimise disruption to the area, progress the development of corridor accommodation (for visitors and workers)

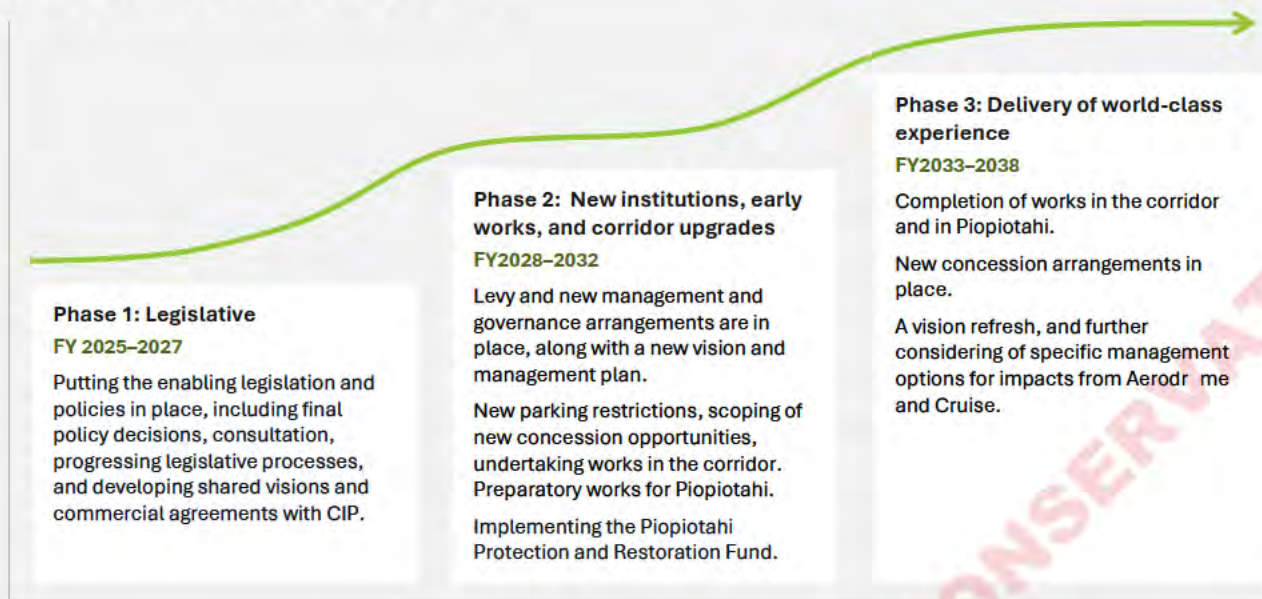
before accommodation is removed from the village, and enable time to resolve any changes to the more complex concession arrangements in the village.

Indicative planning assessments highlight a range of works that can be undertaken in the corridor under the current framework. Those assessments recognise that projects that give rise to issues under the current statutory planning mechanisms should wait until the more enabling revisions are made to the planning framework (approaches to obtaining planning approvals are discussed further in the Commercial Case).

In parallel, there will be early opportunities to strengthen and diversify the visitor experience including through:

- > identifying new concessions that could be opened up early to create commercial opportunities for both existing and new operators, including Ngāi Tahu, and
- > providing for an early introduction of a stronger cultural narrative – which has been highlighted in market research as being attractive to international visitors.

Figure 4. Phased implementation approach



## Immediate next steps

Table 3. Within Phase 1, we recommend the following detailed timeline

2024	July:	Receive Business Case
	October:	First order policy decisions from Ministers and Cabinet, and associated public announcements
	November:	Construction of gateway Po W enua and identification of early wins
		Public consultation on key policy and legislative proposals, to support legislative decisions (particularly Special Amenities Area concept and approach to IVAC).
		Provide regulatory certainty to operators where this can be provided (see detailed Commercial Case for analysis)
2025	February:	Final policy decisions and drafting instructions
		Seek Crown loan (fiscally neutral) through Budget 2025 process
	March:	Shadow entity and transition board begin developing shared vision and new Amenities Area and Investment Plan, scoping levy collection mechanisms.
	May:	Budget approval of Crown loan (fiscally neutral)
	June:	Legislation introduced to the House
		Identify and consent early wins and remaining technical analysis
2026	June:	Legislation passed with IVAC confirmed to be in place one year later, new Board appointed, begin implementing charge collection systems
2027	June:	Shared vision and, Piopiotahi Amenities Area and Investment Plan in place.
	July:	IVAC and supporting systems in place.



## 1.10 Methodology

This business case uses the established Better Business Case methodology to feasibility-test the key concepts that were set out in the Milford Opportunity Project Phase Two Masterplan (the Masterplan).

### THE BUSINESS CASE:

1	Confirms the need for investment and case for change.
2	Assesses a range of alternative options, including how the Masterplan could be delivered based on feasibility-testing.
3	Provides the Ministerial Advisory Board with an indication of the preferred option.
4	Has been informed by extensive stakeholder engagement and detailed economic, commercial, financial, and technical analysis. A full list of the technical reports is set in Appendix 2.
5	Has been prepared solely for the purposes stated in it, and should not be relied on for any other purpose.

Because this business case covers a range of proposed assets, scenarios, and activities, it is necessarily assumptive. The business case and its associated commercial and financial models has necessarily made a range of assumptions, and these may or may not come to pass.

This business case will therefore require further detailed analysis, including site-specific seismic evaluation, hazard mapping, best-use analysis, more applied visitor-flow modelling, further commercial negotiation and analysis of the additional commercial opportunities that the proposal can unlock, and more detailed engineering and design work on each of the proposed assets for construction and development.

This business case has been informed by extensive stakeholder engagement and

feedback. This is summarised in the relevant technical appendix.

Any financial projections included in this document (including budgets or forecasts) are prospective financial information. Those projections are based on information provided by the Department of Conservation and the various technical reports that were independently commissioned by the Milford Opportunities Project Unit. Those projections therefore rest on assumptions about future events and management action that are outside our control and that may or may not occur.

The Ministerial Advisory Board has made reasonable efforts to ensure that the information contained in this report was up to date as at the time the report was published.



## 1.11 Milford Opportunities Project Ministerial Advisory Board

Members	Jenn Bestwick	<i>Independent chair</i>
	Michael Skerrett	<i>Ngāi Tahu representative</i>
	Muriel Johnstone	<i>Ngāi Tahu representative</i>
	Arihia Bennett	<i>Industry and sector expert</i>
	Dave Bamford	<i>Industry and sector expert</i>
	Andrew Patterson	<i>Industry and sector expert</i>
	Bill Day	<i>Industry and sector expert</i>
Ex officio members	Cat Wilson	<i>Department of Conservation</i>
	Heather Kirkham	<i>Ministry of Business, Innovation and Employment</i>
	Jess Ranger	<i>Ministry of Transport</i>
	Wilma Falconer	<i>Environment Southland</i>
	Cameron McIntosh	<i>Southland District Council</i>
	Paul Norris	<i>Industry and sector expert</i>

Image 1. Milford Opportunities Ministerial Advisory Board



## **Milford Opportunities Unit**

Chris Goddard, Programme Director

Angie Whiston, Board Secretary

### **Unit members**

Silke Radde, Simon Moran, John Twidle,  
Tania Short, Phil Tisch, Lizzy Sutcliffe,  
Jock Edmondson, Dawn Farrell, Jess Henderson,  
Snehal Patil, Courtney Hart, Tom Hopkins,  
Michelle Trapski, Fiona Roberts, and  
Emma Edge.

### **Lead business case consultants**

MartinJenkins



# 02 STRATEGIC CASE

RELEASED BY THE MINISTER OF CONSERVATION





# 02.

## STRATEGIC CASE

This strategic case (also referred to as the “case for change”) sets out a compelling rationale for why a shift in approach is needed to sustainably increase the value of tourism in Piopiotahi Milford Sound while protecting its significant environmental and conservation values.

Visitors to Piopiotahi Milford Sound expect a unique and memorable experience worthy of its world heritage status and iconic reputation. Meeting those expectations is inextricably linked with the way we care for the environment. There is an opportunity to partner with mana whenua to enable them to exercise rangatiratanga and kaitiakitanga in this special place, while creating an authentic cultural experience for visitors.

## 2.1 Introduction

This business case seeks to address the current challenges and opportunities posed by tourism and environmental pressures in Piopiotahi Milford Sound. It seeks to reinstate the iconic

experience that visitors have come to expect while also protecting the place for future generations.

### Ngāi Tahu is tangata whenua of Te Rua o te Moko

Mana whenua is exercised by eight Papatipu Rūnanga on behalf of Ngāi Tahu Whānui. This right is derived from mana ātua (gods), mana tūpuna (ancestors), mana whenua (land) and mana tangata (people).

The takiwā of Ngāi Tahu is described in section 5 of the Te Rūnanga o Ngāi Tahu Act 1996.



**Ngāi Tahu has maintained ahi kā rā in Te Rua o te Moko for centuries and the expression of its cultural heritage is fundamental to Ngāi Tahu exercising its tino rangatiratanga and kaitiakitanga in Piopiotahi and the wider area.”**

—Piopiotahi community member

### Pressure on Piopiotahi Milford Sound has spurred previous attempts to better manage tourism

Since the opening of the Homer Tunnel in the 1950s provided land access to the area, Piopiotahi Milford Sound's tourism landscape has changed significantly. Initially, visitor numbers increased incrementally, with tourism mainly concentrated around Christmas, school holidays, and Easter. However, tourism has increased exponentially in recent years, culminating in nearly 900,000 visitors in 2019, including cruise liner passengers. This surge has placed considerable pressure on Piopiotahi Milford Sound's environmental values, roading infrastructure, utilities, and visitor facilities.

In response to the rapid growth in tourism, several attempts have been made to better manage tourism and its effects in Piopiotahi Milford Sound, with a focus on reducing congestion on the Milford Road and corridor, the village itself, and on limiting further degradation of the environment:

In 1987, the Department of Conservation (DOC) assumed responsibility for national parks. In 1988, DOC considered options for managing visitors within Piopiotahi Milford Sound in response to pressures created by tourism. It was widely recognised that the growing visitor numbers were unsustainable, but despite various reports, no marked improvements were made to the area. This inaction was seen as devaluing New Zealand's visitor experience and Piopiotahi Milford Sound's value proposition as a destination. The options DOC looked at included maximum daily visitor numbers, and were required to “provide for the pleasurable, safe and efficient movement of visitors so that the maximum number of people can enjoy the natural scenic attractions ... in a way that minimises adverse effects on the environment.”<sup>1</sup> A supplementary report explored in further detail the impact of a maximum daily visitor cap of 4,000 people

<sup>1</sup> Murray North, Boffa Miskell Partners and Dr Bob Kirk (1988). Milford Sound Fiordland National Park: Development Options Report. p6.



with limits on how and where buses and cars can travel within Piopiotahi Milford Sound.<sup>2</sup>

- > In 1999, the Milford Concept Plan proposed a visitor cap, including limits on cruise ships and a strict daily limit of 4,000 visitors, in line with the 2007 Fiordland National Park Management Plan.<sup>3</sup> Suggested methods for enforcing this cap included controlling access via the Homer Tunnel and booking systems or car parking vouchers during peak seasons. However, this plan was largely overlooked and has not been realised. Before the COVID pandemic, the number of tourists often exceeded this limit.<sup>4</sup>
- > In June 2007, DOC released the Fiordland National Park Management Plan (FNPMP) as a guide for the future of the Park. This aimed to balance the impacts of increasing visitor numbers with the continued preservation of the Park's wilderness and conservation values. The Park was split into five zones that allowed for varied visitor management tools: wilderness areas, remote experience areas, backcountry areas, high-use track corridors, and front country areas. The five zones recognise how visitors use and access each of the spaces and the available infrastructure and facilities, and allowed for different settings to enable or restrict tourism and recreation concessions. The FNPMP also introduced the concept of a visitor cap of 4,000 visitors per day



**Piopiotahi is a spiritual place and everyone who goes there should get the opportunity to feel that pleasure — the tranquil and personal experience we've been privileged to have as locals."**

*— Te Anau local resident*

Despite numerous plans and proposals, there have been few substantial changes.

The ongoing challenge of managing tourism at Piopiotahi Milford Sound led to the forming of a Milford Opportunities Project (MOP) governance group in 2017 to establish the vision and objectives of the project (Stage 1), followed by engagement and research to develop a Milford Opportunities Masterplan (Stage 2), which was formally launched in July 2021.

## The scope of this business case is to test the feasibility of the Masterplan and recommend how it could be implemented

This business case builds on the ambitious and innovative Milford Opportunities Masterplan that was released in 2021. It is the third stage of the

broader project and would culminate in design and implementation.

This business case tests the feasibility of key concepts in the Masterplan and develops a set of options for addressing the challenges identified by the Masterplan, including how the vision itself could feasibly be implemented.

In developing this business case, we have engaged extensively with stakeholders who have an interest in Piopiotahi Milford Sound, Te Anau,

<sup>2</sup> Boffa Miskell Partners (1988). Milford Sound Fiordland National Park: Supplementary Report.

<sup>3</sup> Department of Conservation (2007). Fiordland National Park Management Plan. p170 <https://www.doc.govt.nz/globalassets/documents/about-doc/role/policies-and-plans/national-park-management-plans/fiordland/fnpmp-june-2007.pdf>

<sup>4</sup> <https://www.stuff.co.nz/travel/news/124754518/taming-the-crowds-rethinking-the-tourism-future-of-milford-sound-piopiotahi>





and the wider region. This includes representatives from the tourism sector, operators in Piopiotahi Milford Sound, local residents, and government officials and Ministers. We have also worked closely with Ngāi Tahu to understand their aspirations and test the options developed in the business case. A full list of stakeholders and partners we have worked with is included in Appendix 2.1.

Supported by a solid evidence base, this business case builds on the work done in developing the Masterplan and takes this forward to inform decisions on next steps and implementation. The technical inputs to this business case are referred to throughout the document and listed in Appendix 2.2.

This project's scope is limited to Piopiotahi Milford Sound itself, the tourism and conservation activities within it, and the tourist journey to get there from Te Anau through the Milford Corridor (see Figure 1). The scope includes:

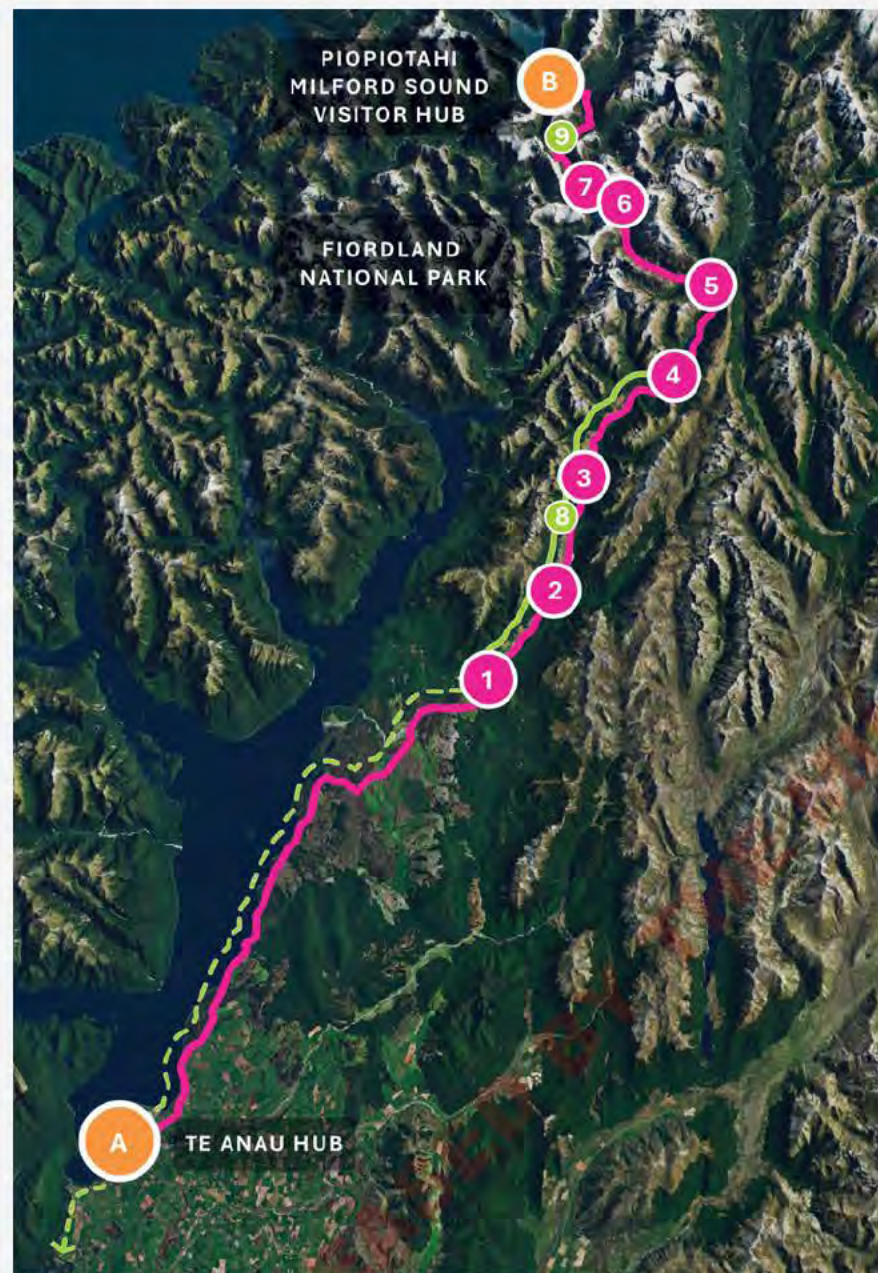
- > management of access in the fiord
- > the layout and infrastructure of Piopiotahi Milford Sound, including transport and other infrastructure
- > the Milford Road (State Highway 94 between Te Anau and Piopiotahi Milford Sound), including tourist points of interest and visitor amenities along this corridor
- > Te Anau township, as it relates to tourism and tourist flows in Piopiotahi Milford Sound, and to regional economic outcomes
- > measures to manage demand and access for tourists travelling to Piopiotahi Milford Sound, including restricting or charging for access
- > reviewing current arrangements with commercial operators in and near Piopiotahi Milford Sound, including the interface with DOC's concessions management framework, and
- > management of the conservation and ecological values in Piopiotahi Milford Sound.

While the scope of this project is Piopiotahi Milford Sound rather than the whole of the Fiordland National Park, this business case will also note and acknowledge any possible flow-on effects to other important conservation areas and the potential that better management of this area offers for the rest of the National Park. Importantly, the approach taken here may offer insights to the conservation management system overall.

The project's scope does not include decisions relating to:

- > tourism and infrastructure in Queenstown or the Southland region, other than analysing wider economic outcomes and tourist patterns as far as they are relevant to Piopiotahi Milford Sound
- > the open seas beyond Piopiotahi Milford Sound, other than considering wider ecological outcomes as they are applicable to Piopiotahi Milford Sound
- > management options for the Milford Road itself, which will continue to be managed by the NZ Transport Agency Waka Kotahi under the Land Transport Management Act 2003
- > other sounds or parts of Fiordland, other than considering displacement effects from decisions about Piopiotahi Milford Sound, or opportunities to better protect the environment, and
- > the benefits, costs, and impacts of the cruise industry to New Zealand generally; this business case considers the impacts of cruise in relation to Piopiotahi Milford Sound and Southland.

Figure 1. Scope of business case



#### MAP KEY:

- State Highway 94 / Milford Road
- Eglinton Valley shared trails (northern section)
- - - Eglinton Valley shared trails (southern section, community initiated)

- A** Te Anau Visitor Hub
- B** Piopiotahi Milford Sound Visitor Hub, Freshwater Basin, Deepwater Basin and Cleddau Delta Nodes
- 1** **Node 1:** Te Rua-o-Te-Moko Fiordland National Park Gateway
- 2** **Node 2:** Eglinton Reveal
- 3** **Node 3:** Te Huakaue Knobs Flat
- 4** **Node 4:** Ō Tāpara Cascade Creek / Mistake Creek Overnight Walk
- 5** **Node 5:** The Divide / Whakatipu Trails Head
- 6** **Node 6:** Gertrude Valley
- 7** **Node 7:** Cleddau Cirque
- 8** **Short stop:** Mirror Lakes Waiwhakaata
- 9** **Short stop:** The Chasm



## 2.2 Piopiotahi Milford Sound is a national and international treasure

This section recognises and describes the national significance of Piopiotahi Milford Sound and its significant economic, environmental, cultural, and social values for mana whenua, local communities, private enterprise, New Zealanders generally, and international visitors.

### KEY POINTS:

- 1 Close to half of all international holiday arrivals to New Zealand choose to visit Piopiotahi Milford Sound.
- 2 86% of New Zealanders agree that Piopiotahi Milford Sound is an icon of New Zealand.
- 3 The area is very important to Ngāi Tahu as tāngata whenua of Te Rua o te Moko (Fiordland National Park). Mana whenua is exercised by eight Papatipu Rūnanga on behalf of Ngāi Tahu whānui.
- 4 Piopiotahi Milford Sound is internationally recognised through its UNESCO World Heritage status.
- 5 It supports a high number of nationally threatened and at-risk species, including some that are either endemic or have a nationally significant population residing at place.
- 6 77% of the visitor expenditure in the Fiordland region can be attributed to visitors to Piopiotahi Milford Sound.



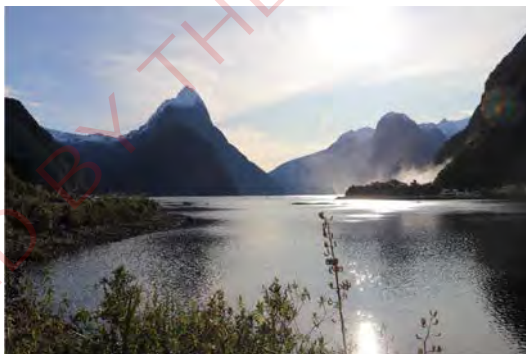
## Piopiotahi Milford Sound is a national icon of huge cultural significance, characterised by remoteness and natural beauty

The perception that Aotearoa provides a raw, untouched nature experience is a primary driver for people visiting this country,<sup>5</sup> and Piopiotahi Milford Sound is a key place for visitors to get that pure experience.

The area has iconic status with visitors and is one of the country's premier visitor attractions. The 16-kilometre fiord is located within New Zealand's largest national park, Te Rua o te Moko Fiordland National Park, and is part of the UNESCO World Heritage Site Te Wāhipounamu, which covers the southwestern part of the South Island.

Piopiotahi Milford Sound is often cited as the Eighth Wonder of the World. It is a unique natural environment combining high, steep mountains covered in native forest surrounding a deep fiord. The iconic status of Piopiotahi Milford Sound, including specific features such as Rahotu Mitre Peak (depicted below) are of very high visual and tourist value.

**Image 1. View of Rahotu Mitre Peak from freshwater basin**



The journey through the Milford Corridor is an equally memorable experience, characterised by U-shaped valleys, conspicuous mountain ranges, dense beech forest, and expansive and striking vistas. The scenery evolves as you journey north from Te Anau, through broad mountain ranges, and dense beech forest

renowned for extensive birdlife in Countess Range, through the glacier-carved Eglinton valley surrounded by steep mountains (see images below).

The journey carries on to the valley carved by the Hollyford River at the Divide. This area, where many walking and hiking trails converge, has particularly strong significance for mana whenua. The path ascends through the Homer Tunnel, and through the Cleddau Cirque, an expansive and striking valley, largely devoid of vegetation on the sheer rock wall due to constant slips during heavy rainfall, before arriving at the Cleddau River Delta and Piopiotahi Milford Sound.

**Image 2. Countess Range**



**Image 3. Eglinton valley**



Piopiotahi Milford Sound is located within the Fiordland/Rakiura Zone of the Southland District Plan. The entire zone is identified as an Outstanding Natural Landscape due to its natural and wilderness qualities, including its aesthetic, ecological, landscape, open-space, recreational, cultural, historical, and amenity values. The landscape is internationally

<sup>5</sup> Kantar (2023), Consumer insights to support development and implementation of the Milford Opportunities Project Masterplan, (International market)

recognised for its striking characteristics, and attracts numerous visitors to the park annually.<sup>6</sup>

As a remote location, Piopiotahi Milford Sound also has a high exposure to seismic and flood risk. This risk is recognised in the special arrangements for managing the Milford Road

through the Milford Road Alliance operated by the NZ Transport Agency Waka Kotahi and Downer NZ. This ensures the safe operation of the road including through avalanche control, incident response, management of the Homer Tunnel, and general maintenance.

## Piopiotahi Milford Sound is a ‘jewel in the crown’ of New Zealand tourism

Piopiotahi Milford Sound is a significant part of New Zealand’s value proposition to visitors:

- > close to half (or one in two) of all international holiday arrivals to New Zealand choose to visit it<sup>7</sup>
- > Fiordland National Park is the most visited national park in New Zealand, attracting 35% of all visitors to national parks<sup>8</sup>
- > Piopiotahi Milford Sound is a key attraction within Fiordland, with 77% of the visitor spend in Fiordland spent by visitors to Piopiotahi Milford Sound, and<sup>9</sup>
- > it is a significant part of New Zealand’s tourism value proposition, being the third most popular experience in the country and one of the most popular experiences for visitors to Queenstown.<sup>10</sup>

**Close to half of all international holiday arrivals to New Zealand choose to visit Piopiotahi Milford Sound, and it is the third most popular tourism experience in the country, in our most popular national park.**

Piopiotahi Milford Sound received a Trip Advisor ‘Best of the Best’ Travellers’ Choice award in 2023. This is Trip Advisor’s highest level of recognition, and is presented annually to experiences that earn excellent reviews from travellers and are ranked in the top 1% of experiences worldwide.

“

**The general feedback from clients is that this is the reason why they come to New Zealand. Our untouched environment. If you want to see tunnels through mountains and gondolas going up mountains etc, go to Europe, go to America? It is our point of difference.”**

– Piopiotahi coach driver

Piopiotahi Milford Sound is a source of pride for New Zealanders, who recognise our country’s greatest asset is its natural beauty and that this needs to be preserved over generations.<sup>11</sup>

Piopiotahi Milford Sound ranks a close second to Queenstown in the list of top national parks and scenic landmarks that New Zealanders visit: 52% of New Zealanders indicated they want to visit Piopiotahi Milford Sound, compared with 55% for Queenstown.<sup>12</sup>

**86% of New Zealanders agree that Piopiotahi Milford Sound is an icon of New Zealand<sup>13</sup>**

UNESCO’s assessment of Te Wāhipounamu as a World Heritage Site only adds to the profile of

<sup>6</sup> Boffa Miskell (2023). Milford Opportunities Stage 3. Landscape feasibility advice.

<sup>7</sup> Based on MSTL estimate of approx. 970,000 overseas tourists, including large cruise passengers, and Stats NZ estimate of approx. 2 million holiday arrivals in the year ending March 2019. When including overseas visitors travelling to visit friends and family (approx. 3 million combined) the proportion visiting Piopiotahi Milford Sound is close to a third.

<sup>8</sup> Kantar (2024). Analysis of International visitor survey and Milford Opportunities Questionnaires.

<sup>9</sup> Visitor Solutions Ltd and Fresh Info Ltd (2021), *Milford Opportunities Project: Tourism report*, <https://www.milfordopportunities.nz/assets/Projects/210331-Tourism-Report.pdf>

<sup>10</sup> Based on TripAdvisor ratings - it is listed as the third most popular experience after Hobbiton and Te Papa. Three out of the top 4 Queenstown experiences advertised on Trip Advisor are visits to Piopiotahi Milford Sound.

<sup>11</sup> Kantar (2023). Consumer insights to support development and implementation of the Milford Opportunities Project Masterplan. New Zealand market insights.

<sup>12</sup> Ibid.

<sup>13</sup> Based on a survey of 1,000 people conducted by Kantar

Piopiotaahi Milford Sound. However, there is a risk that further degradation of the environment or expansion of the infrastructure footprint could lead to a loss of this status.

It is essential that visitor experiences remain sustainable and resilient to safeguard New Zealand's world-class, iconic destinations for future generations.<sup>14</sup>

#### INTERNATIONAL RECOGNITION:

*Piopiotaahi Milford Sound is part of Te Wāhipounamu World Heritage Site*

To be recognised as a World Heritage Site, a location must meet at least one of UNESCO's 10 criteria. Six of the criteria relate to cultural sites, and four relate to natural sites. The criteria seek to recognise sites of international significance across a range of domains. Te Wāhipounamu World Heritage Site meets all four criteria for natural sites of international significance.

#### Criterion

- vii. Superlative natural phenomena or areas of exceptional natural beauty and aesthetic importance.
- viii. Outstanding examples representing major stages of earth's history, including the record of life, significant on-going geological processes in the development of landforms, or significant geomorphic or physiographic features.
- ix. Outstanding examples representing significant on-going ecological and biological processes in the evolution and development of terrestrial, fresh water coastal and marine ecosystems and communities of plants and animals.
- x. The most important and significant natural habitats for in-situ conservation of biological diversity, including those containing threatened species of outstanding universal value from the point of view of science or conservation.

<sup>1414</sup> Department of Conservation (2023), Briefing to the incoming Minister of Conservation, <https://www.doc.govt.nz/globalassets/documents/about-doc/role/publications/bim-2023/bim-conservation-november-2023.pdf>



## Challenges with preserving world heritage sites internationally

Natural wonders with world heritage status internationally are coming under greater pressure as a result of high visitor numbers and greater pressure to develop tourism infrastructure given the dependence of local industries and communities on the economic value derived from these places. It is important that we balance showcasing Piopiotahi Milford Sound and its untouched wilderness with preserving its unique natural attributes, to ensure the place continues to thrive for tāngata whenua and manuhiri for generations to come.

**Table 1. Some examples of well-known attractions**

Site	Selected pressures and challenges facing the site	World heritage status
<b>City of Venice (Italy)</b>	<ul style="list-style-type: none"> <li>&gt; high levels of tourism conversion of residences for tourist accommodation or commercial use that impacts on cultural heritage proposals for large infrastructure, navigation and construction projects in the Lagoon</li> <li>&gt; potential negative environmental impacts triggered by motorboats, cruise ships and oil tankers</li> <li>&gt; governance, management, and institutional challenges in co-ordination between the multiple government and non-government institutions involved in conservation, tourism, management, and regulation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; UNESCO considered placement on the 'in danger' list in September 2023</li> <li>&gt; authorities provided more time to mitigate effects</li> </ul>
<b>Manas Wildlife Sanctuary (India)</b>	<ul style="list-style-type: none"> <li>&gt; Impacts of infrastructure development on the natural environment and absence of appropriate environmental mitigations</li> <li>&gt; slow release of funding</li> <li>&gt; high levels of tourism</li> <li>&gt; illegal activities (poaching)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; conservation efforts ongoing</li> <li>&gt; concerns raised by UNESCO over the environmental impact of large infrastructure proposals in the park</li> </ul>
<b>Pyramids of Giza (Egypt)</b>	<ul style="list-style-type: none"> <li>&gt; high levels of tourism</li> <li>&gt; absence of a single integrated management plan</li> <li>&gt; development and infrastructure projects</li> </ul>	<ul style="list-style-type: none"> <li>&gt; UNESCO missions to the area have provided recommendations to support conservation and management</li> </ul>
<b>Wood Buffalo National Park (Canada)</b>	<ul style="list-style-type: none"> <li>&gt; lack of effective engagement with First Nations and Métis in monitoring activities</li> <li>&gt; insufficient consideration of local and Indigenous knowledge / engagement</li> <li>&gt; impacts of industrial developments around the park on its environmental values</li> </ul>	<ul style="list-style-type: none"> <li>&gt; authorities have been provided 3 years to address current challenges with the prospect of inscription on the 'in danger' list in 2026</li> </ul>
<b>Ha Long Bay (Viet Nam)</b>	<ul style="list-style-type: none"> <li>&gt; high levels of tourism</li> <li>&gt; alignment and integration of planning and management across management board, provincial authorities and other entities</li> <li>&gt; water and waste pollution</li> <li>&gt; third party infrastructure development in response to tourism</li> </ul>	<ul style="list-style-type: none"> <li>&gt; examined by UNESCO in 2023</li> <li>&gt; the committee recommended an update and alignment of national, provincial and site level plans and strategies to respond to the challenges</li> </ul>

### Sources

UNESCO World Heritage List. Te Wāhipounamu – South West New Zealand. Available at <https://whc.unesco.org/en/list/551/> :

UNESCO World Heritage Convention Paper for the Intergovernmental committee for the protection of the world cultural and natural heritage. Available at <https://whc.unesco.org/archive/2023/whc23-45com-7B.Add-en.pdf>

## Piopiotahi Milford Sound is an important contributor to both the regional and the national economy

Its pristine natural environment and feeling of untouched wilderness and serenity make Piopiotahi Milford Sound a significant part of New Zealand's value proposition to visitors. It epitomises Brand New Zealand, and is one of the most popular tourist experiences in the country.<sup>15</sup> Tourism to Piopiotahi Milford Sound has almost doubled over the last decade, with about 83% of all visitors being international tourists. There is no question that New Zealand benefits substantially from the iconic status of the place.

### Contribution to New Zealand's tourism brand and offering

Tourism continues to play a "critical role in New Zealand's recovery" from the impact of COVID-19, and international visitors play a key role in supporting the "communities and benefits who directly benefit from visitor spend."<sup>16</sup>

The Ministry of Business, Innovation and Employment (MBIE) states that "Tourism underpins many regional economies: There are firms who rely on demand from visitors in every region. For some regions this is a significant share of the local economy."<sup>17</sup>

As well as playing a valuable role in our economy, tourism brings significant non-financial benefits to New Zealand by supporting regional potential and helping to preserve our natural environment. It also gives mana whenua

the opportunity to tell stories of their land to visitors.

New Zealand is also typically seen as a touring destination, given that two of our most popular attractions, Piopiotahi Milford Sound and Rotorua, are about 1,500 km apart.<sup>18</sup> Right across different tourism segments (including tour groups, backpackers, and other private travellers), visitors expect that exploring New Zealand will require substantial travel, particularly when they are eager to see both the North and South Islands. While this creates longer itineraries and spreads benefits across the country, those benefits also tend to be limited to tourism hotspots. This causes congestion and harm to the environment in those places while also limiting the tourism development of secondary attractions and neighbouring regions.

There is a further risk that over-reliance on the most iconic destinations degrades the natural wilderness experience that visitors expect, and makes visitors less likely to return to New Zealand or to recommend it as a place to visit.<sup>19</sup>

Visitors to New Zealand use conservation land just as New Zealanders do – freely and without restrictions. However, international visitors use a variety of public goods and services funded by local taxpayers, usually without charge. The inability to charge visitors for the costs they incur limits New Zealand's ability to develop and maintain the infrastructure necessary to support a world-class visitor experience.

To increase the value of tourism to Piopiotahi Milford Sound, we will need to consider how to manage the effects of tourism there to ensure the experience does not degrade over time and devalue New Zealand's tourism brand and value

<sup>15</sup> Based on TripAdvisor ratings - it is listed as the third most popular experience after Hobbiton and Te Papa. Three out of the top 4 Queenstown experiences advertised on Trip Advisor are visits to Piopiotahi Milford Sound.

<sup>16</sup> Beehive.govt.nz (6 March 2024), *Press Release Minister for Tourism and Hospitality Hon Matt Doocey: Tourism sector showing signs of recovery*. <https://www.beehive.govt.nz/release/tourism-sector-showing-signs-recovery>

OECD (2024). *Economic Survey: New Zealand 2024*. [https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-new-zealand\\_19990162](https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-new-zealand_19990162)

<sup>17</sup> Ministry of Business, Innovation and Employment (2023), *Briefing for the incoming Minister for Tourism and Hospitality*. <https://www.mbie.govt.nz/dmsdocument/28009-briefing-for-the-incoming-minister-for-tourism-and-hospitality-proactive-release-pdf>

<sup>18</sup> Becken (2005). *The role of tourist icons for sustainable tourism*. [https://www.researchgate.net/publication/247764568\\_The\\_role\\_of\\_tourist\\_icons\\_for\\_sustainable\\_tourism](https://www.researchgate.net/publication/247764568_The_role_of_tourist_icons_for_sustainable_tourism)

<sup>19</sup> Papadopoulos, Ribeiro and Prayag (2023). *Psychological Determinants of Tourist Satisfaction and Destination Loyalty: The Influence of Perceived Overcrowding and Overtourism*. <https://journals.sagepub.com/doi/full/10.1177/00472875221089049>

Yu and Egger (2020). *Tourist Experiences at Overcrowded Attractions: A Text Analytics Approach*. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7798079/>

proposition. Getting this right would help to address some of the challenges noted above while also providing a path for economic diversification and growth as visitors stay longer in the region. This would also help ease tourism-related pressures in Queenstown if day visitors are converted into overnight stays in the Te Anau area.

## Contribution to the regional economy

The visitor economy and tourism are significant earners for the region as well, making up 10% of regional GDP and being the fourth largest earner for the Southland region pre-COVID.<sup>20</sup>

Fiordland itself is more reliant on international tourism, with 65% of tourism spending in the district coming from international visitors in 2019 compared to 40% for New Zealand generally.<sup>21</sup> The high proportion of international tourists brings with it economic opportunities for local businesses providing accommodation, transport, food, and visitor experiences. In this way, tourism makes a significant contribution to regional employment, economic output, and tax revenue.

In 2019, 77% of the visitor spend in Fiordland could be attributed to visitors to Piopiotahi Milford Sound. That \$190 million, out of a total visitor economy in Fiordland of \$250 million, is a direct result of Piopiotahi Milford Sound as a magnet attraction within the region.

A 2006 report estimated the additional spending generated by visitors who stay in the region after visiting Fiordland National Park.<sup>22</sup> It found that total regional economic output was \$196 million above what it would have been without the Park (and resulting loss of overnight visitors), contributing to 1,600 additional jobs.

In surveys of nearly 800 Park users, 10 percent of overnight visitors to the Park said they would have stayed a shorter time in New Zealand, with a further 12 percent saying they would not have come to New Zealand at all.

Foreign overnight visitors to the Park said that they would have stayed an average of 2.8 fewer nights in New Zealand and foreign day visitors to the Park said that they would have stayed an average of 1.6 fewer nights. The mean length of stay for an international visitor to New Zealand between July 2022 and December 2023 was 19 days.<sup>23</sup>

In addition, Piopiotahi Milford Sound is home to around 120 people who live and work in the area either for the local cruise and tourism operators, the Milford Sound Lodge or Milford Sound Tourism. While it provides direct employment opportunities for those residing in and around the area, its impact spreads much wider.

<sup>20</sup> <https://greatsouth.nz/news/new-vision-for-future-of-tourism-in-murihiku-southland-launched>

<sup>21</sup> Southland District Council (2021). 2021-2031 Long Term Plan. <https://www.southlanddc.govt.nz/assets/Annual-and-Long-Term-Plans/Plans/2021-2031-Long-Term-Plan.pdf>

<sup>22</sup> Butcher (2006). Regional economic impacts of Fiordland National Park.

<sup>23</sup> Ministry of Business, Innovation and Employment (5 March 2024), *International Visitor Survey (Quarterly): Mean length of stay by country, Quarter 3 2022—Q4 2023*. <https://teic.mbie.govt.nz/teiccategories/datareleases/ivs/> This is based on quarterly International Visitor Survey results from July 2022 to December 2023. The mean figure can be impacted by extreme outliers. Australian visitors tend to stay fewer nights (average of 12 nights) compared to visitors from the rest of the world (average of 26 nights).



Figure 2. Milford Sound's economic footprint



## Piopiotahi is of great cultural significance to Ngāi Tahu

Ngāi Tahu kaumātua, historian, and Māori placenames expert Tā Tene O'Regan describes Te Rua o Te Moko as the 'cradle of mythology' for southern Māori.

Te Rua o Te Moko is an extremely important place in the Ngāi Tahu landscape. It was the last great work of Tū Te Rakiwhānoa, who was the carver of rock, shaping Te Waipounamu (the South Island) and making it fit for people to live in. Piopiotahi is located in the northern stretches of Te Rua o Te Moko.

Ngāi Tahu are tāngata whenua of Te Rua o Te Moko and mana whenua is exercised by eight Papatipu Rūnanga on behalf of Ngāi Tahu whānui. Ngāi Tahu has maintained ahi kā roa in Te Rua o Te Moko for centuries, and the expression of its cultural heritage is fundamental to Ngāi Tahu exercising its tino rangatiratanga and kaitiakitanga in Piopiotahi

and the wider area. Ngāi Tahu has a richly diverse living heritage, including tikanga, mātauranga, and pūrākau that deepen the identity, wellbeing, and social cohesion of this iwi. Piopiotahi and the wider area have long been a significant feature of Ngāi Tahu history and its seasonal lifestyle.<sup>24</sup>

The legal mechanisms established through the Ngāi Tahu Claims Settlement Act 1998 recognise Ngāi Tahu tino rangatiratanga and its expression through kaitiakitanga, and are the basis for an enduring partnership between Ngāi Tahu and the Crown. Of particular importance to the MOP is the obligation under section 4 of the Conservation Act 1987 to give effect to the principles of Treaty of Waitangi. Protocols between DOC and Ngāi Tahu were later developed to set out how these mechanisms are to be applied operationally, and these protocols continue to evolve.

The cultural significance of Te Mimi o Tū Te Rakiwhānoa (the Fiordland coastal marine area),

<sup>24</sup> Kauati (2023). Milford Opportunities: Summary of Mana Whenua report.

has been formally acknowledged under the Ngāi Tahu Claims Settlement Act. A number of nohoanga (seasonal occupation sites) and tōpunui (specially protected areas) are recognised in Fiordland under that settlement. Dual placenames have also been formally recognised by the New Zealand Geographic Board for the fiords – more recent official placenames have the te reo name first and English second. Placenames that were formally recognised earlier follow the convention of English then te reo.

The commercial arm of Te Rūnanga o Ngāi Tahu has interests in fisheries as well as tourism. Patea Doubtful Sound and Piopiotahi Milford

Sound are important fishing ports for Ngāi Tahu fishing interests. Sought-after species include crayfish, pāua, rāwaru (blue cod) and tio (oysters). In addition to commercial interests, customary takes of pounamu, shellfish, fish, tuna (eels), and inaka (whitebait) are still highly valued.

Mana whenua see the MOP as a means of defining this place through recognising Tū Te Rakiwhānoa and his work to shape Te Rua o te Moko with Hine Titama. Mana whenua want both Ngāi Tahu whānui and manuhiri to be in awe of the majesty that Tū Te Rakiwhānoa crafted and for subsequent generations to experience the wairua of Piopiotahi.

## Cultural significance of Piopiotahi

Te Rua o Te Moko represents the raised up sides of Te Waka o Aoraki, after it foundered on a submerged reef and its occupants, Aoraki and his brothers, were turned to stone. The brothers are now manifested in the highest peaks of Ngā Tiritiri o Te Moana the Southern Alps. The Fiords at the southern end of the Alps were carved out of the raised side of the wrecked Te Waka o Aoraki (the canoe of Aoraki) by Tū Te Rakiwhānoa in an effort to make it habitable by humans. The deep gouges and long waterways that make up the fiords were intended to provide safe havens on the rugged coastline, stocked with fish, forest and birds to sustain humans.

After Tū Te Rakiwhānoa and his helpers had made Te Waipounamu into the shape we see today, primordial navigators began to arrive. The most illustrious of these was Māui who arrived at Mai ahi Bruce Bay before voyaging south. During this voyage different places were named after those aboard the waka of Māui. It is also told that many of the names in the fiords came from the actions of Māui and his crew.

The peoples of Waitaha, Kati Mamoe and Ngāi Tahu have traversed Te Rua o Te Moko for centuries and came to know its landscapes and seasons intimately. These people had 'considerable knowledge of whakapapa, traditional trails, places for gathering kai and other taonga, ways in which to use the resources of the land, the relationship of people with the land and their dependence on it, and tikanga for the proper and sustainable utilisation of resources.

Mana whenua have a long association with Te Mimi o Tū Te Rakiwhānoa. Because of its attractiveness as a place to establish permanent settlements, including pā (fortified settlements), the coastal area was visited and occupied first by Ngāti Mamoe and later by Ngāi Tahu. Battles sites, urupā and landscape features bearing the names of tūpuna (ancestors) record this history. Prominent headlands, in particular, were favoured for their defensive qualities and became the headquarters for a succession of rangatira and their followers. Notable pā and nohoanga occurred in many areas on the Fiordland coast.

While there have been few permanent settlements, Ngāi Tahu have visited extensively, primarily attracted by koko-takiwai and kākāpō. The area also offered many other mahinga kai to sustain parties on their arduous expeditions, including a range of manu (birds), fish and kaimoana resources.

The traditional routes followed are of significance, as are the places they journeyed to. These routes reflect the nomadic lifestyle of Ngāi Tahu and the rich resources of Te Waipounamu and Te Mimi o Tū Te Rakiwhānoa. Ngāi Tahu travelled for economic and social reasons, and for survival. Oral maps, marked tracks and tools left in situ assisted mana whenua when travelling.

Te Mimi o Tū Te Rakiwhānoa is still of great importance to Ngāi Tahu for mahinga kai, and customary and commercial purposes. In addition, as places that bring whakapapa, people and ahi kaa (continuous occupation) together.

## Fiordland National Park and the marine environment is home to many endangered species, but conservation efforts are constrained

Piopiotaahi Milford Sound and the Milford Corridor sit within the boundaries of Te Rua o te Moko Fiordland National Park, which at over 1.2 million hectares is New Zealand's biggest national park and one of the biggest in the world. That makes the Park both nationally and internationally significant for the conservation of many ecosystems and species.

The area supports a wide range of intact ecosystems that support a very diverse range of indigenous species, including many nationally threatened or at-risk plant, bird, insect, lizard, bat, and marine mammal species. Some of the ecosystems and species in the area are unique internationally.

Fiordland's marine environment is just as unique and rich in biodiversity value and its importance is recognised through the Fiordland (Te Moana o Atawhenua) Marine Management Act 2005. The Milford Sound Piopiotaahi marine environment is 16 kms in length, from the head of the fiord to the open sea and has a maximum depth of 269 m. A marine reserve was established within the inner fiord in 1993 and covers a total of 690 hectares of the east and north-eastern side of the Milford Sound Piopiotaahi. Bottlenose dolphins (Threatened – Nationally Endangered) are present in the inner fiord with the coastline home to blue penguins (kororā) (At Risk – Declining).<sup>25</sup>

In terrestrial ecosystems introduced mammalian predators are the primary threat, but ungulates (e.g., deer, chamois) and introduced weeds also impact the park. In the marine space, factors such as increased recreational use, biosecurity and climate change (e.g. marine heat waves) are all

contributing to increased pressure on this unique and diverse ecosystem.

Invasion by marine pest species is the single biggest threat to the marine conservation values of Piopiotaahi. Although there are no known marine pest species within Piopiotaahi, these can be introduced by a range of vessels (from large commercial vessels to small private craft) through biofouling<sup>26</sup> when these vessels are travelling from other areas of the country and overseas. This includes from elsewhere in Fiordland where the Asian kelp *Unaria pinnatifida* is present. As well as biosecurity risks, overfishing is a concern, especially for recreationally and commercially targeted species such as blue rock lobster, and pāua.<sup>27</sup>

The conservation values in the area are recognised nationally by the area's status as a National Park, and internationally by its status as a UNESCO World Heritage Site.

Piopiotaahi Milford Sound itself makes up less than 10% of Fiordland National Park.

### Ongoing conservation efforts

There are ongoing conservation efforts focussing on Fiordland and Piopiotaahi Milford Sound, to protect and conserve the environmental values those areas support. DOC estimates that it spends up to \$9.7 million a year on managing biodiversity and recreational opportunities in Fiordland National Park, which represents around 1.5% of the total appropriation for Vote Conservation to promote and protect New Zealand's natural and cultural heritage and visitor opportunities for conservation purposes in 2024/25.<sup>28</sup>

Approximately \$4.3 million of revenue is generated annually from recreation fees, across Fiordland National Park. The net direct Crown contribution is estimated to be up to \$5.4 million per annum or up to 0.84% of the funding set

<sup>25</sup> Boffa Miskell Limited (2021). Milford Opportunities Project: Conservation Impact Analysis Report. Prepared by Boffa Miskell Limited for Milford Opportunities Governance Group.

<sup>26</sup> The accumulation of microorganisms, algae, plants and small animals on surfaces of marine vessels. Environment Southland has established a Deed of Agreement with the cruise ship industry, authorised by the Environment Southland Regional Coastal Plan, that includes direct and indirect biosecurity requirements.

<sup>27</sup> Ibid.

<sup>28</sup> Based on figures provided by the Department of Conservation and appropriations estimates released for Budget 2024 available at <https://budget.govt.nz/budget/pdfs/estimates/v8/est24-v8-conser.pdf>



aside for the management of conservation lands. The total Crown contribution (excluding third-party revenue) for Fiordland National Park is estimated to be \$1.4 million per year, or 0.22% of the Vote Conservation appropriation.

As noted above, Fiordland National Park is the largest national park in New Zealand and one of the largest national parks in the world. Also recognised as a World Heritage Site, the park represents 14% of all public conservation land. DOC is unable to currently report the level of expenditure that relates to the Milford Corridor and village of Piopiotahi Milford Sound specifically.

Conservation assets and responsibilities have increased significantly over the years but the resources to sustain them have not always kept pace. Pressures on DOC's fiscal environment has meant that significant time and resources are dedicated to maintaining visitor assets on the conservation estate, which are not fully cost-recoverable. These cost pressures limit the funding available for biodiversity efforts. In 2023, DOC advised that "improving outcomes for nature requires shifting resources from recreational assets to biodiversity in the short term or finding ways to increase revenue or funding."<sup>29</sup>

**Figure 3. Comparison of Crown expenditure on Fiordland National Park relative to its size relative to the conservation estate**



Source: Department of Conservation

### Threats to the National Park's conservation values

The conservation values of Te Rua o te Moko Fiordland National Park are threatened by introduced animal and plant pest species, which are subject to ongoing control by DOC and charitable organisations.

Direct human impacts on species and habitats are of particular concern in the immediate area

of Piopiotahi Milford Sound and the Milford Corridor.

### Key species in Piopiotahi Milford Sound

As one of the country's most ecologically important areas, Piopiotahi Milford Sound hosts a group of species that are threatened or are endemic to Piopiotahi, or that have a nationally significant population there.

<sup>29</sup> Department of Conservation (2023), Briefing to the incoming Minister of Conservation, <https://www.doc.govt.nz/globalassets/documents/about-doc/role/publications/bim-2023/bim-conservation-november-2023.pdf>

A full list is provided in Appendix 2.3, with key species including:

- > **Southern Rock Wren**—a nationally endangered species for which Piopiotahi Milford Sound supports a nationally important population.
- > **Tawaki Fiordland Crested Penguin**—this is a nationally vulnerable bird that Piopiotahi Milford Sound is a particularly important study site for. There is a breeding population at Harrison Cove and in 2017 there were around 150 pairs of Tawaki present at several breeding sites.
- > **Whio**—a nationally vulnerable bird that has a nationally significant population residing at Piopiotahi Milford Sound. The catchment is part of Northern Fiordland's 'security-site' for long-term management of the species. A recovery site for six adult birds was recently recorded in the Upper Hollyford Valley above Falls Creek and Lower Hollyford Valley in 2020.
- > **Long tailed bats**—nationally critical species present in Eglinton valley, which is home to one of the largest and best-studied populations in the South Island.
- > **Short-tailed bats**—at risk but recovering with Piopiotahi Milford Sound supporting a nationally important population.
- > **Bottlenose Dolphins**—nationally endangered and common throughout the inner fiord near rocky outcrop

### Key values of locations within Fiordland National Park

The Piopiotahi Milford Sound area and the Milford Road (SH94) corridor contain an exceptionally important range of indigenous ecosystems that are intact ki uta ki tai (from mountain to sea). The Ūpokororo Eglinton valley has long been a focal point for mainland conservation efforts in New Zealand.<sup>30</sup>

The SH94 corridor has additional importance because its accessibility has facilitated many decades of research into threatened species and ongoing control of predators. The ecological

values of the corridor largely depend on active predator and pest control and are sensitive to further habitat loss or unmanaged visitor impacts.

Some of the key values of locations within the National Park include:

- > **Ūpokororo Eglinton River** – extensive tall tawai/red beech (and mixed beech species) forests on lowland alluvial terraces; habitat for numerous threatened manu (bird) species and two pekapeka/bat species, including species such as South Island kākā, mohua, and pekapeka (long-tailed bat) large complex fen, bog, and swamp wetlands; extensive valley floor grasslands providing complex invertebrate, lizard, and bird habitat; unmodified upper river catchments with non-migratory galaxiid fish species and other threatened freshwater fauna; and intact/representative examples of naturally uncommon ecosystem/landform types including a mobile braided river, frost flats, and ancient glacial deposits.
- > **Whakatipu-ka-tuku/Hollyford River:** extensive tawai/silver beech forests, seral forests and valley floor forest/shrubland/tussock grassland mosaics in areas susceptible to winter and spring avalanche; precipitous alpine habitats and extensive fellfields supporting specialised lizard and bird species including kea and piwauwau/southern rock wren; and a dynamic and powerful river system that supports kōwhiwhio/blue duck.
- > **Waipāteke/Cleddau River:** extensive lowland mixed beech—podocarp forests that supports threatened forest bird species including northern Fiordland tokoeka, kākā; and fast-flowing river habitat supporting kōwhiwhio/blue duck

Conservation work is mainly focused on tackling long-term decline caused by introduced invasive predators and pests. Significant ongoing funding would potentially take conservation work from reactive to preventative and restorative. Priority projects being undertaken by DOC and other conservation groups are listed in Appendix 2.4.

<sup>30</sup> Boffa Miskell Limited 2024. Milford Opportunities Project: Stage 3: Preliminary Assessment of Environmental Effects. Report prepared by Boffa Miskell Limited for Milford Opportunities Project.

## 2.3 As visitor volumes continue to grow, the tourism and conservation system faces increasing pressure

This section demonstrates that as Piopiotahi Milford Sound becomes more and more popular and acclaimed internationally, the tourism and conservation system is coming under greater pressure.

### KEY POINTS:

- 1 Visitor demand more than doubled between 2014 and 2019 and is expected to reach 1 million by 2026
- 2 A wide range of connected challenges need to be addressed relating to how tourists and commercial activities are managed, the ageing infrastructure, and the overall governance of the tourism and conservation system
- 3 Mana whenua feel they are limited in reacting to what is happening in the area and that their stories are extracted from their cultural context and poorly understood.



## Tourism in Piopiotahi Milford Sound has nearly doubled over the last decade

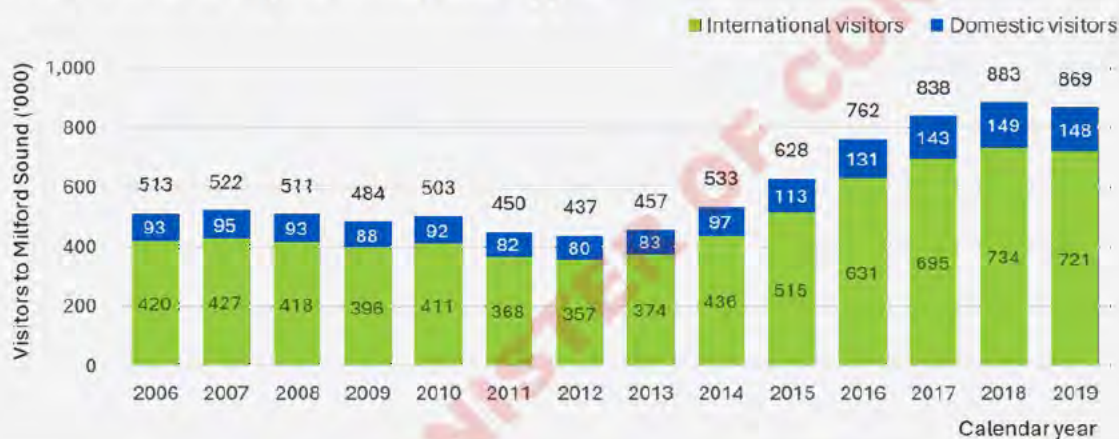
The number of visitors to Piopiotahi Milford Sound has increased over the last decade, with road-based visitors growing from around 440,000 in 2012 to just under 870,000 in 2019. Visitation from road and large cruise visitors to Piopiotahi reached over 1.1 million in 2019.

A large proportion (45%) of these visitors are day trippers, mainly from Queenstown, which

results in significant congestion at midday when buses and private vehicles arrive in Piopiotahi Milford Sound.

This increase in demand, concentrated at peak periods in the day, is placing growing pressure on the natural environment and visitor infrastructure in Piopiotahi Milford Sound. Visitor trends are strongly seasonal, with 27% of all visitors arriving in the two peak months of January and February, and 63% in the five busiest months of November to March.

Figure 4. Visitor numbers to Piopiotahi Milford Sound by year



Source: Tourism Report, Milford Sound Tourism, Fresh Info

Figure 5. Average daily inbound vehicles at Homer Tunnel



Source: Tourism Report, Milford Sound Tourism, Fresh Info

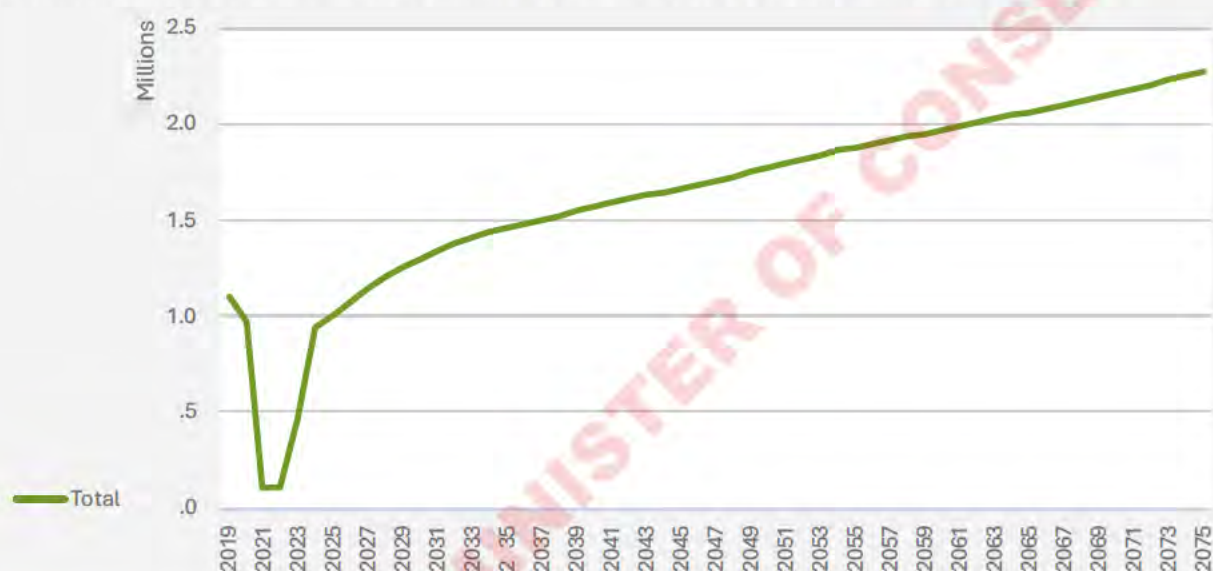
## Piopiotahi Milford Sound is projected to attract a million visitors by 2026

Updated visitor projections indicate that we could reach pre-COVID volumes of visitors in two years if demand is not constrained. Growth is expected to continue and reach 1 million visitors by 2026. There are question marks over the ability of Piopiotahi Milford Sound to sustain non-peak hours and shoulder seasons.

pre-COVID levels of visitors without more investment in core infrastructure.

Adding to the challenge is the limited footprint within Piopiotahi Milford Sound that is amenable to development, for ecological and technical reasons. This requires changes to the way visitors and commercial activities are managed in the area, including around how visitors can be spread across

Figure 6. Unconstrained demand projections for Piopiotahi Milford Sound (all passengers)



Source: Infometrics, MSTL

Note: These numbers include passengers visiting large cruise ships.

## The tourism and conservation system and the businesses that depend on it are under increasing pressure

Piopiotahi Milford Sound is a precious taonga both locally and internationally. The high-quality experiences of visitors, the high numbers of visitors to the place, and the diverse range of ecosystems and species that inhabit them all reflect its importance. It is also of great

significance to Ngāi Tahu, as the last great work of Tū Te Rakiwhānoa.

Tourism creates direct costs to New Zealanders, in providing public goods and services that visitors use. It also creates an opportunity cost for other parts of the economy that would have otherwise benefited from that expenditure. Since visitors do not typically pay for the public goods and services they use, an increase in tourism demand often leads to both under-investment in and over-consumption of these public goods and services.<sup>31</sup>

<sup>31</sup> Ministry of Business, Innovation and Employment (2023), Briefing for the incoming Minister for Tourism and Hospitality. <https://www.mbie.govt.nz/dmsdocument/28009-briefing-for-the-incoming-minister-for-tourism-and-hospitality-proactive-release-pdf>



As visitor volumes continue to increase, the existing tourism and conservation system will come under increasing pressure. Without better management, the core wilderness experience and conservation values of Piopiotahi Milford Sound are at risk of being compromised. This would detract from the visitor experience and New Zealand's tourism brand.

The current regulatory system is ad hoc and inconsistent, and this limits its ability to drive economic and environmental improvements for Fiordland National Park through the concessions regime.

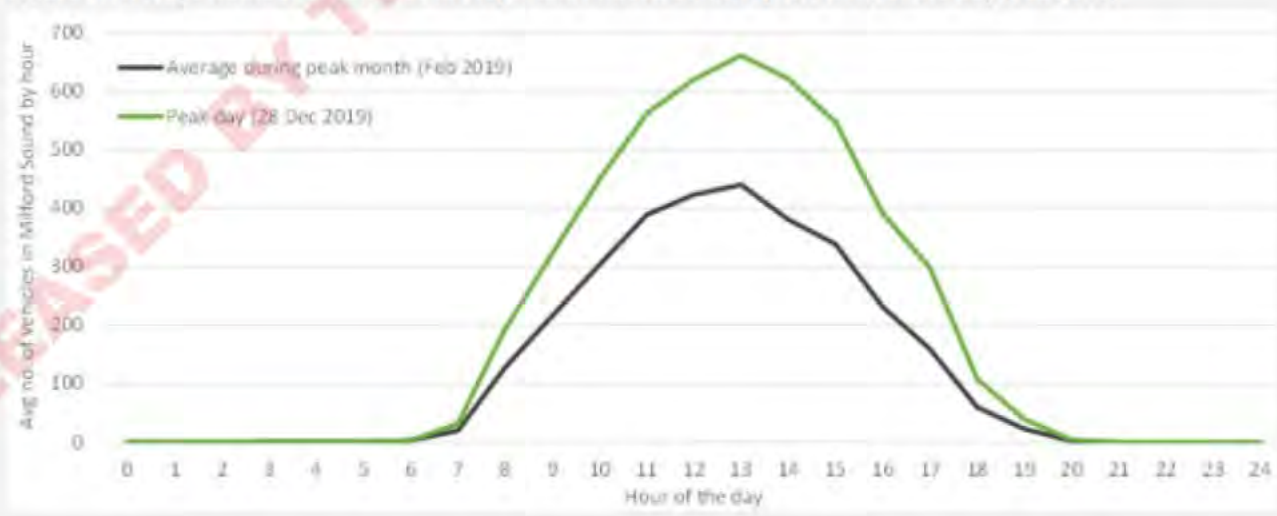
Without improvements to the tourism and conservation system, mana whenua are also likely to continue to feel disconnected from Piopiotahi Milford Sound.

This business case seeks to address four key, inter-related challenges:

1. The growing congestion, concentrated in the middle of the day, presents safety risks, and degrades the experience for visitors.
2. The regulatory system involves multiple agencies and processes, increases transaction costs for operators. Concessions are allocated on a typically reactive and "first in first served" basis, which provides limited incentives for competition or innovation to improve the visitor experience or support environmental improvements.
3. The ageing infrastructure in the area is not equipped for higher visitor numbers. It continues to be susceptible to the underlying geology and seismic risk, which is exacerbated by its remote setting.
4. The environment and its indigenous species and habitats are under increasing stress, and if left unchecked would eventually compromise the core wilderness experience and conservation values.

These challenges are closely connected, and intervention needs to target them together rather than individually and piecemeal.

Figure 7. Average number of vehicles in Piopiotahi Milford Sound by the hour of the day (Feb 2019)



Source: Visitor Solutions and Fresh Info (2021). Milford Opportunities Project Tourism Report. Based on NZTA telemetry data for the Homer Tunnel



## **Growing congestion in the middle of the day presents safety risks and degrades the visitor experience**

Approximately 880,000 people visit Piopiotahi Milford Sound each year via the Milford Road (SH94). Around 50% come by bus, 45% by car, and 5% by campervan. Almost all visitors enter and exit in one day.

**The high concentration of visitors in the middle of the day creates problems with overcrowding, noise, and loss of the untouched wilderness values that are core to the visitor experience.**

The “cul-de-sac” nature of SH94 and the lack of accommodation in Piopiotahi Milford Sound mean that almost all visitors enter and exit Piopiotahi on the same day. The schedule of visitor flows creates a lumpy flow of visitation (see Figures 8 and 9).

The visitor pattern causes significant congestion at the Homer Tunnel in the late morning/early afternoon period when the two flows meet. It also creates congestion in Piopiotahi Milford Sound itself when visitors arrive and leave between 11 am to 3 pm, with the average number of vehicles at Piopiotahi peaking at around 450 at 1 pm during the high season between November and March. The number of vehicles in Milford Sound peaked on 28 December 2019 at 650.

Surveys have demonstrated that with the current level of infrastructure and services in

Piopiotahi Milford Sound, visitors start reporting nuisance from crowding in surveys when tourist numbers reach 3,000 per day (measured as boat cruise tickets sold).<sup>32</sup> Other studies have suggested that that number is closer to 4,000 per day. Visitor numbers typically reach between 3,000 and 4,000 per day on average between the busiest months of November and April, meaning current visitor levels are already at a critical limit beyond which the experience would start to degrade. There is a risk that as tourism continues to increase without sustainable management, the associated crowding effects, loss of amenity and degradation of wilderness and conservation values would erode the visitor experience over time.

“

**It currently can get very crowded in the boat terminal in peak season at 1pm. It's horrible—you can't get to the toilets. It erodes the experience.”**

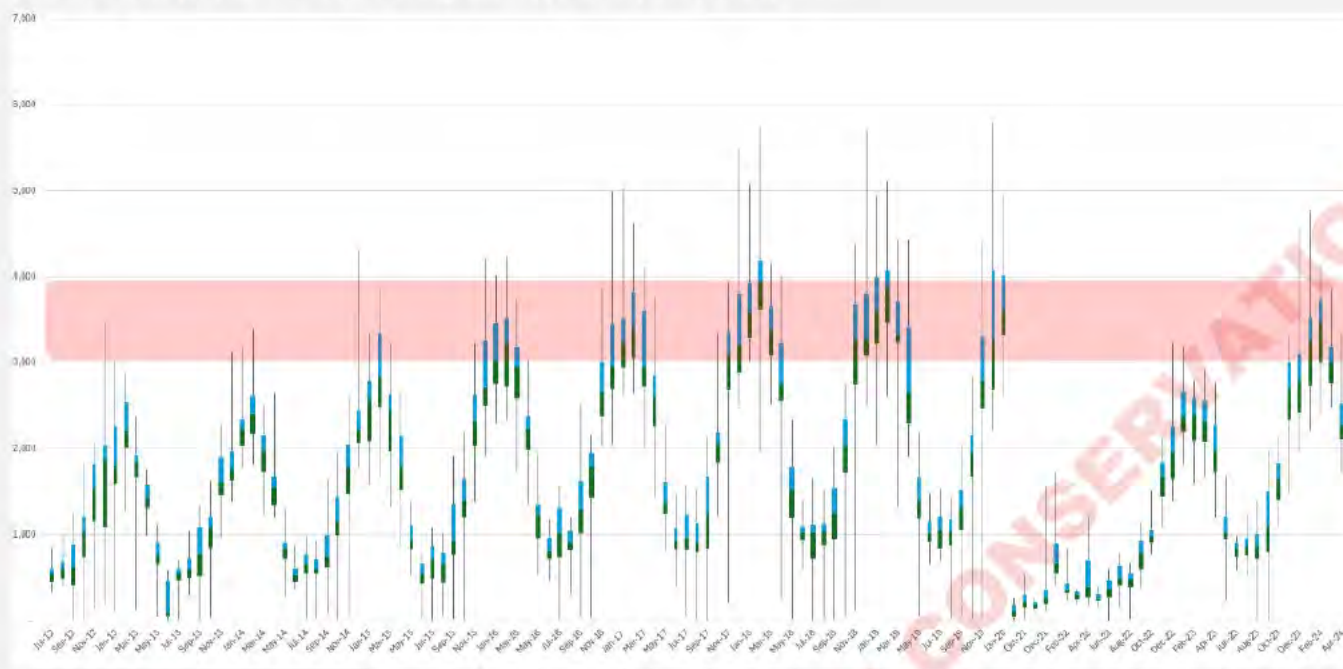
“

**If you're really looking at a world-class experience, then people shouldn't be traveling from Queenstown—all going for the same boat.”**

—Two tourism operators

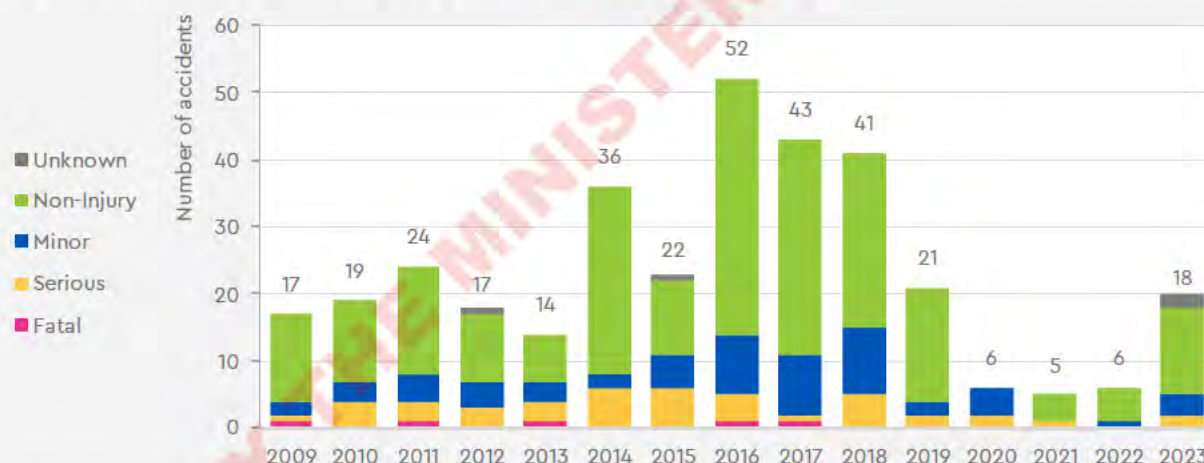
<sup>32</sup> Gnoth, Juergen (2017, 2018, 2021, 2023) “The Milford Sound Experience”

**Figure 8. Daily visitor numbers to Piopiotahi by month, 2013 to 2024**



Source: Milford Sound Tourism Limited

**Figure 9. All accidents by severity on the Milford Road - State Highway 94**



Source: Waka Kotahi Milford Road Alliance crash reporting

### THE ROAD TO PIOPIOTAH MILFORD SOUND IS HAZARDOUS

The Milford Road (SH 94), the only road access to Piopiotahi, is hazardous, presenting the third-highest risk of personal injury of all New Zealand roads. Waka Kotahi describes it as “challenging for international and inexperienced domestic drivers”.

The terrain is challenging, the road is often steep, and the driving conditions often

unforgiving. The risks are made worse by the high ratio of international drivers, the lack of cellphone coverage, the long distances, and the long response times in emergencies.

**The Milford Road has the third highest rate of persistent personal crash risk on a rural state highway in New Zealand.**

During the previous phase of the Project, research on the challenges along Milford Road highlighted the following hazards:<sup>33</sup>

- > A major challenge with Milford Road is the high numbers of international visitors. These drivers will be less familiar with typical New Zealand road conditions and with our average travel speeds, which are often slower than in other countries.
- > The road starts with an easy section to Te Anau Downs. However, there is no signage into Fiordland National Park notifying drivers of a change in the driving environment.
- > The road gets more and more challenging the closer you get to Piopiotahi Milford Sound, and drivers may spend a significant amount of time at stops along the way. This means they can often be running late to meet booked boat departures in Piopiotahi Milford Sound, and on exactly the stretches of the road where the driving conditions are most challenging.

Other hazards particular to the Milford Road include:

- > very high annual rainfall, and so a greater risk of poor tyre traction, with peak rainfall coinciding with peak tourist seasons
- > high altitudes at the Divide and the Homer Tunnel, where snowfall and ice are more likely to accumulate in winter
- > rockfall risks at prime viewing points, such as over the Cleddau Valley, near the Homer Tunnel
- > avalanche risk during winter, at 55 points along the road.

Further many tourist sites promote driving the Milford Road to international visitors, highlighting the scenic experience of driving through the Corridor and stopping at points along the way.

NZ Transport Agency Waka Kotahi assesses the Milford Road as having low “collective” risk but high “personal” risk. “Collective” risk refers to the total amount of crashes, while “personal” risk refers to the chance of being involved in a crash. There were 233 reported crashes between 2015 and 2019, of which four were

fatal, 20 were serious, and 60 were minor, with the remaining 149 being non-injury crashes (Crash Accident System data). The high personal risk is probably due to the combination of the hazards outlined above.

### THE REGULATORY SYSTEM FRUSTRATES AND SLOWS INVESTMENT AND DECISIONS THAT WOULD IMPROVE THE VISITOR EXPERIENCE AND CONSERVATION OUTCOMES

The concessions system does not enable effective and cost-efficient regulatory protection.

Most commercial activities on public conservation land beyond personal recreation must be authorised under the conservation framework, typically in the form of a concession. The purpose of this framework is to ensure that public conservation land and water is managed effectively with appropriate private use that maintains conservation values and provides public benefit.

DOC’s legislation provides a process for decision making, while the statutory planning framework determines whether an activity is appropriate for a specific place. A small group of private operators with concession rights hold and manage most of the land in Piopiotahi Milford Sound and manage most of the key activities.

A summary of the existing concessions is set out in Appendix 2.5.

The current concessions system in Piopiotahi Milford Sound has not effectively protected conservation values and visitor experiences while supporting private enterprise, nor has it created incentives for private competition, investment, and innovation for these purposes. Concessionaires are frustrated by their inability to contribute back to the place in practical ways.

There appear to be five main reasons for this:

1. **Concessions have often been allocated reactively, with first-in-first-served being the norm.** This risks limiting incentives for investment that would enhance the visitor

<sup>33</sup> Stantec NZ Limited (2021). Milford Opportunities project: Transport and Access Report. Prepared by Stantec NZ Limited for Milford Opportunities Project. p17



experience and innovation in delivering back to place.

2. **Concession conditions are often not oriented to strategic objectives.** Conditions are generally aimed at defining the scope of the activity and managing its effects. They often are not aimed at ensuring that the activity provides a high-quality visitor experience, that visitors are managed effectively, and that broader conservation objectives are achieved.
3. **Fees are variable.** Approaches to setting fees vary and are inconsistent, and do not necessarily reflect the value of the rights provided by the concession. Revenues from concessions do not appropriately reflect the costs of administering and managing the system.
4. **Many concessions are the result of legacy arrangements (including pre-Conservation Act permissions).** This includes some critical permissions granted for 30-year terms in the early 1990s and with only limited changes since then to respond to external pressures. There is limited ability to change concessions once they are granted.
5. **Long processing times add uncertainty and transaction costs for concession holders.** Some concessions are currently expired, with the holders waiting for a new application to be considered. Long processing times create uncertainty for these businesses, which is a barrier to investing in improvements. Additional resource consent requirements under the Resource Management Act 1991 may slow the process further.

As a result of those barriers, there is limited strategic planning and co-ordination within the concessions system. Those barriers limit investment in visitor facilities, infrastructure, and initiatives that would optimise the visitor experience, meet current and projected visitor demands, support improved environmental and biodiversity outcomes, drive economic outcomes, and preserve the natural environment.

Ngāi Tahu have previously raised concerns over the absence of a strategic approach to managing concessions. These include the concession system's limited ability to consider the hauora of Piopiotahi and the rights and interests of Ngāi Tahu.

Ngāi Tahu thought that their work would be greatly assisted by:<sup>34</sup>

- > periodic reviews of the approval policies, conditions, and criteria
- > an evaluation of how renewals and current consents and concessions are helping to deliver the Masterplan and to achieve the aspirations and values of mana whenua, and
- > improved visibility and understanding of the cumulative effects of consents and concessions.

#### THE MANAGEMENT PLAN FOR FIORDLAND NATIONAL PARK IS OUT OF DATE

Piopiotahi Milford Sound sits within Te Rua o te Moko Fiordland National Park. The National Parks Act 1980 and Conservation Act 1987 provides the framework for the governance of the Park, including key principles and management mechanisms.

The Fiordland National Park Management Plan (FNPMP) provides the strategic planning framework for governance and management of the Park, but is now out of date. New concessions decisions are being made as concessions expire, but in the absence of an up-to-date plan. The FNPMP does identify the current pressures and responses to manage them, but many of those responses have not been implemented.

Approaches to funding, charging, ownership, and delivery have not allowed business to have the necessary confidence to invest or to adapt to pressures. Interventions are also limited by the principle that access to our National Parks must be free, by a complex concessions system, and by key land and infrastructure being privately held under concession rights.

Governance and ownership structures have not adequately enabled co-ordinated planning and decision making to address the challenges

<sup>34</sup> Kauati (2021), Milford Opportunities Project: Mana Whenua Aspirations and Values Report.

within Piopiotahi Milford Sound. Governance is fragmented, with different entities responsible for separate but interdependent parts of the visitor experience but not necessarily coordinating with each other. Management mechanisms (like the FNPMP or existing monitoring of concessions) do not enable ongoing monitoring and information exchange for informed decision-making. Governance and ownership structures do not sufficiently involve Ngāi Tahu and reflect mana whenua values and heritage within the place. These challenges are discussed further in the management case.

The collective impact of these limitations in the existing regulatory and planning framework is to limit the ability of operators to invest and

innovate in order to improve the visitor experience and to limit their ability to manage adverse effects on the natural environment.

### Ageing infrastructure in the area is not equipped for higher visitor numbers and is susceptible to resilience risks

Piopiotahi Milford Sound is not well organised for the spectacular experience that it offers, and has not changed significantly in response to increasing visitor numbers. Most of the infrastructure is old and in poor condition, and is inadequate for the current visitor demands. It is also difficult to obtain funding for upgrades.

**Table 2: Condition of various infrastructure assets at Piopiotahi Milford Sound Village**

Infrastructure	Description	Installation date	Condition
Wastewater	Wastewater network and treatment plant is owned and maintained by Milford Sound Tourism	Unknown	Plant has undergone upgrades recently and has been largely compliant with discharge consent conditions historically (two breaches occurred in 2019/20 at Te Huakaue/Knobs Flat while recent breaches have been for late supply of reporting). Further investment is likely to be required in all schemes (networks, treatment, and discharge infrastructure) to both cater for population growth and to ensure future consent compliance.
Drinking water	Milford Sound Infrastructure Ltd owns and operates the water supply system within Piopiotahi Milford Sound. Tourism Holdings Ltd undertakes all routine operations and maintenance for the water supply network	Unknown	Water is filtered, UV treated and the supply is compliant with current drinking water standards. Chlorination may be required in addition to existing supplies if activities expand beyond current levels. All schemes are likely to require process upgrades to meet increasingly strict drinking water regulations. The Piopiotahi Milford Sound scheme is run-of-river and includes only limited storage, which will need to be addressed to allow for increased visitor numbers and to improve the reliability and resilience of this scheme.
Stormwater	There is limited stormwater infrastructure within Piopiotahi Milford Sound. The stormwater system consists of sumps, laterals, manholes, connecting pipework and outlets to watercourses.	Unknown	Likely to require upgrades to meet more stringent discharge quality requirements in future, such as the addition of stormwater treatment facilities for road and carparking stormwater systems likely integrated with landscaping features. Consideration will need to be made for any stormwater management systems developed within the built environment to integrate treatment facilities to meet discharge quality standards.
Power	Electricity is generated at Piopiotahi Milford Sound from a	Unknown	Electricity is generated at Piopiotahi Milford Sound from hydroelectric and diesel sources by Milford



Infrastructure	Description	Installation date	Condition
	hydroelectric scheme on the Bowen River, with backup diesel generation. The hydroelectric scheme is operated by Milford Sound Power Holdings.		Power Holdings Ltd. Milford Power Holdings Ltd hold a resource consent to take and discharge 2,700 cubic metres of water per hour from the Bowen River for hydro-electric power generation. This is supplemented by four diesel standby generators. Electricity distribution, water retailing, and distribution and gas retailing and distribution are managed by Milford Sound Infrastructure Ltd. While principally from renewable energy source (small scale hydro schemes) the current network capacity is limited, and continuity of supply is risk.
Aerodrome	The Milford aerodrome (under the ownership of the Ministry of Transport) has a 792m long sealed airstrip but no facilities such as a terminal or toilets.	1960	The capacity of the aerodrome is limited by the runway length and geographical constraints limiting extending the runway. At present the aerodrome is suitable for light to small aircraft and helicopters only. It caters for inbound tourist flights, capped per day under the national park management plan.
Berths	The main terminal for transferring passengers on to boat trips and water taxis/transfers is located at Freshwater Basin. This is managed and mostly leased to the Milford Sound Tourism Ltd. Berthing facilities and landward infrastructure for the Fiordland cray-fishing fleet, sea kayaking and ecotourism ventures are located Deepwater Basin.	Freshwater Basin terminal upgraded in 2012	There are issues with the current boat ramp at Deepwater Basin relating to breaching consent conditions due to the condition of the structure. One tourism operator noted that the boat ramp is currently the "worst in New Zealand for breaking axels at low tide".
Accommodation	A range of DOC campsites along the corridor, the Milford Lodge and THC hotel service visitors and staff in Piopiotahi Milford Sound and the wider national park area.	Various dates for campsites THC hotel built in late 1950s Milford Sound Lodge built in late 1990s	Campsites are used regularly by visitors and vary in their condition and nature of facilities offered. s9(2)(i)
Visitor facilities	An information centre in Piopiotahi Milford Sound and underwater observatory are the main visitor experience facilities	Information centre – late 1950s Observatory - 1995	The existing information centre occupies a large footprint and does not offer an effective visitor circulation point, with the terminal acting as a de-facto visitor centre. Its layout also mingles 'front of house' and 'back of house' elements which complicates the creation of a high quality visitor experience.
Walking tracks	A range of DOC walking tracks are located in and around the community hubs of Te Anau, Manapouri and along the corridor through to Piopiotahi Milford Sound.	Various	Tracks vary in length, accessibility, and terrain to accommodate a range of potential visitors.



The aerodrome dominates the landscape in Piopiotahi Milford Sound. It divides the main visitor area in two, separating Deepwater Basin from Freshwater Basin, with the current road entry providing limited views of the fiord from the road on the journey into Piopiotahi Milford Sound. Its presence and location is a barrier to spatially planning a route for visitors that provides clear and spectacular views of Rahotu Mitre Peak on arrival.

The Masterplan argues that “a balance is needed to ensure the plans, activities, infrastructure and visitor experience are resilient to change and risk and aligns with the principles of sustainability while allowing an increase in the connection of people with nature and the landscape”.

**VISITORS ARE AT RISK FROM NATURAL HAZARDS, BUT HAVE A LOW LEVEL OF AWARENESS OF THE RISKS**

The isolation, wildness, and geological extremes that make Piopiotahi Milford Sound so attractive

to tourists also presents hazards, both for the visitors and local staff. The Masterplan emphasises that the natural hazard risks in Piopiotahi Milford Sound are substantial and under-appreciated. For example, the fatalities following a landslide-induced tsunami could be over 3,500, if it happened on a busy summer day and given the current infrastructure.<sup>35</sup> There is a 16% chance of an event of that kind happening over 50 years.<sup>36</sup>

The Masterplan notes that destructive floods, avalanches, rockfalls, earthquakes, and tsunamis are all present and observable threats in Piopiotahi Milford Sound, and that the infrastructure, and by extension the workers and visitors, are at risk from those hazards. It recommends using hazard mitigation as a key pillar for guiding decisions on the development of tourism infrastructure in Piopiotahi Milford Sound.

<sup>35</sup> Harris (2023). Agent-based modelling of evacuation scenarios for a landslide-generated tsunami in Milford Sound. <https://doi.org/10.26021/14950>

<sup>36</sup> Stantec NZ Limited (2021). Milford Opportunities project: Hazards and Visitor Risk Review Report. Prepared by Stantec NZ Limited for Milford Opportunities Project.

## The Alpine Fault and its implications for Piopiotahi Milford Sound

### Sources:

AF8 Steering Group (2016). Alpine Fault Magnitude 8 Hazard Scenario

Otago Regional Council. The Alpine Fault.

<https://www.orc.govt.nz/managing-our-environment/natural-hazards/earthquakes/alpine-fault>

Harris (2023). Agent-based modelling of evacuation scenarios for a landslide-generated tsunami in Milford Sound.

<https://doi.org/10.26021/14950>

Victoria University of Wellington

(2021). Alpine Fault quake risk

higher than experts thought

<https://www.wgtn.ac.nz/news/2021/04/alpine-fault-quake-risk-higher-than-experts-thought>

The Alpine Fault is the active boundary between the Pacific and Australian tectonic plates. It runs for about 600 km along the west of the South Island's Southern Alps, and is thought to sustain a major rupture several times every 1,000 years.

Geologists believe that the next severe earthquake on the Alpine Fault is most likely to be a rupture of 8 or more on the Richter Scale that begins in South Westland and "unzipping" northwards.

A recent study indicates a 75% probability of an Alpine Fault earthquake in the next 50 years (study led by Dr Jamie Howarth of Te Herenga Waka | Victoria University of Wellington).

Rock avalanches falling into the water bodies may cause tsunami in lakes, rivers, and fiords. Areas such as Lakes Wakatipu, Wānaka, Hawea, Te Anau, Manapouri, and Tekapo, and Milford Sound and Doubtful Sound, are at risk from tsunami induced by massive landslips into the water.

Recent experience at Whakaari White Island has demonstrated challenges with ensuring appropriate accountability and oversight of natural hazard risks across multiple parties and stakeholders, and has motivated increased focus in this area in

Accountabilities are currently dispersed between DOC as land manager and permissions allocator, MSTL and operators as primary visitor-facing entities, and a range of other agencies and stakeholders.

This business case will need to consider the implications of this risk in a number of areas:

- > What infrastructure is needed to ensure that risks are appropriately mitigated (for example, through providing visitor protection refuges and evacuation paths)?
- > How to clarify and better coordinate accountability for managing and responding to the risks of an AF8 earthquake and other natural hazards?
- > How to ensure that operators and visitors are aware of the potential risks and the necessary safety procedures and protocols they need to follow?
- > How might the visitor experience be designed in order to minimise the consequences of an AF8 event (for example, through dispersing visitors along the corridor and encouraging a steady flow in and out of Piopiotahi Milford Sound)?

The existing infrastructure in Piopiotahi Milford Sound, including the road, is exposed to natural hazards from a range of sources, from seismic, to weather-related events, to changes in climate. Many of these hazards could be managed better, so that when a seismic or weather event happens, or as the climate changes, the infrastructure in place is more likely to be able to continue operating, to avoid damage or destruction, or to protect people. Better management of the hazards would also include better communication of the hazards to visitors who are planning a visit, and appropriate signposting at key sites.

Previous work for the Masterplan notes that landslide-induced tsunami has been identified as an intolerable "outlier" in the current risk profile, with a credible probability of 16% over 50

years of producing a catastrophic event resulting in up to 100 fatalities.<sup>37</sup> That report for the Masterplan says that it is not feasible or sensible to mitigate all of the risk associated with a landslide-induced tsunami, but that designing Piopiotahi Milford Sound differently could materially reduce the impact of an event of this kind.

### THE INCREASING STRESS ON THE ENVIRONMENT COMPROMISES THE CORE WILDERNESS EXPERIENCE AND POTENTIALLY NEW ZEALAND'S TOURISM BRAND

The environment and its indigenous species and habitats are under increasing stress. This compromises the core wilderness experience and conservation values, and presents risks to

<sup>37</sup> Stantec NZ Limited (2021). Milford Opportunities project: Hazards and Visitor Risk Review Report. Prepared by Stantec NZ Limited for Milford Opportunities Project.



New Zealand's tourism brand and image globally.

Piopiotahi Milford Sound, the Fiordland National Park and the Marine Area are home to ecosystems that are unique internationally. This is recognised and protected by the Fiordland National Park, and the UNESCO World Heritage status. The current management of recreation and tourism along the Milford Corridor and in Piopiotahi Milford Sound needs new thinking to protect its World Heritage status and its cultural and conservation values.

The biggest issue for conservation in the area is the effects of introduced mammalian predators: possums, rats, mice, and mustelids.<sup>38</sup> Human impacts on species and habitats are particularly concerning in the immediate area of the road corridor and Piopiotahi Milford Sound.



**Diving in the marine reserve, we have seen a slow gradual decrease in marine life.... [We] need better marine protection. Coral spots**

**should have more consideration and protection.”**

*- Tourism operator*

As well as the loss of natural habitats and species, the unmanaged tourism and increasing congestion in Piopiotahi Milford Sound also threatens its reputation for wildness and isolation. UNESCO noted that “the international profile of the area as a visitor destination places pressure on some of the main tourist attractions within the wider site.” Research has found that the perception of wilderness and remoteness was negatively impacted by the increased amount of unmanaged activity in the Park.<sup>39</sup>

Further degradation of the natural environment at Piopiotahi Milford Sound would have a significant impact on New Zealand's tourism brand and image, given its prominence in our visitor proposition and popularity with international travellers. This in turn would have a negative economic impact on the businesses and communities that depend on tourism.

## Ngāi Tahu describe Milford as a ‘cultural desert’

Tā Tipene O'Regan describes Te Rua o Te Moko as the ‘cradle of mythology’ for southern Māori. Te Rua o te Moko is a highly important place in the Ngāi Tahu landscape, being the last great work of Tū Te Rakiwhānoa, who was the carver of rock, shaping Te Waipounamu (South Island) and making it fit for people to live in. Piopiotahi is located in the northern stretches of Te Rua o Te Moko.

Ngāi Tahu has always maintained that Fiordland Te Rua o te Moko was not included in the Murihiku Purchase, and that purchase became one of the ‘Nine Tall Trees’ in the Ngāi Tahu Treaty Claim alongside mahinga kai.

There are many provisions from the Ngāi Tahu Deed of Settlement that directly refer to Te Rua o te Moko, including the dual placename Piopiotahi Milford Sound, Right of First Refusal for Milford Airport and a statutory acknowledgement over the coastal area.

There is little tangible evidence of Ngāi Tahu cultural heritage in the built environment or visitor offerings in Piopiotahi Milford Sound or Te Rua o Te Moko Fiordland. Tools in the Treaty Settlement to encourage the use of traditional place names and recognition of Ngāi Tahu values have not had the impact anticipated over 20 years ago.

Mana whenua feel they are limited to reacting to what is happening in the area and that their stories are extracted from their cultural context and poorly understood. Regulation significantly

<sup>38</sup> Boffa Miskell Limited (2021). Milford Opportunities Project: Conservation Impact Analysis Report. Prepared by Boffa Miskell Limited for Milford Opportunities Governance Group.

<sup>39</sup> Booth, K. (2022). Wilderness and Remoteness Values of Fiordland Waters. Prepared for Environment Southland Te Taiao Tonga by Lindis Consulting, New Zealand. Available at <https://www.es.govt.nz/repository/libraries/id:26gi9ayo517q9stt81sd/hierarchy/about-us/plans-and-strategies/regional-plans/coastal-plan/documents/PC5%20initial%20notification/Report%20Wilderness%20and%20remoteness%20values%20of%20Fiordland%20%20Lindis%20Consulting%20-%20Final%202022%20Feb%202020.pdf>



hinders their ability to undertake cultural practices and they are overwhelmed by prevailing attitudes about the purpose of the National Park and World Heritage Area.

Ngāi Tahu refer to Piopiotahi Milford Sound as a 'cultural desert' where they feel disconnected with the place. This is a harrowing point when considered against the rich history Ngāi Tahu have with Te Rua o Te Moko/Fiordland and the esteem in which they hold it.

A tourism expert the Project engaged with noted that "management of the place must change, Ngāi Tahu is effectively unable to restore a meaningful connection to place under the current concessions system."

The Supreme Court ruling in *Ngāi Tai Ki Tāmaki* emphasises the fundamental importance of section 4 obligations in the Conservation Act

1987 to give effect to the principles of the Treaty of Waitangi and highlights a need for DOC to consider more actively the role that partnerships with iwi and Māori can play in conservation efforts.<sup>40</sup>

Many New Zealanders are also looking for greater visibility and acknowledgement of Māori culture and heritage at destinations around the country and expect this to be done authentically and in consultation with local iwi. This is no different at Piopiotahi Milford Sound where New Zealanders expect a greater presence and connection for mana whenua to the land. While not the primary reason people visit New Zealand, visitors want to deeply engage with New Zealand's people and history, including our indigenous heritage.

<sup>40</sup> Ngāi Tai ki Tāmaki Tribal Trust v Minister of Conservation [2018] NZSC 122

## 2.4 The opportunity: To increase the value of tourism by providing an iconic experience that spotlights the unique conservation and wilderness values of Piopiotahi Milford Sound and its importance to Ngāi Tahu

This section describes the opportunity for change and the nature of the change needed to address the issues. It focuses on why change is needed and what an improved state would look like, in comparison to the consequences of doing nothing. The section demonstrates that an integrated set of changes is needed to achieve the desired results.

### KEY POINTS:

- 1 The following system-level changes are needed
  - > A more co-ordinated decision-making approach that enables more responsive management of Piopiotahi Milford Sound including safety and hazard risks, more clarity in how to make trade-offs between conflicting priorities, and greater certainty for private operators so they can invest and innovate.
  - > A visitor-management approach that disperses visitors along the Milford Corridor and Te Anau to reduce the congestion and associated impacts in Piopiotahi Milford Sound itself.
  - > Mechanisms that enable tourists to make a greater contribution to the natural environment and infrastructure they enjoy and support the financial sustainability of the place.
  - > Opportunities for Ngāi Tahu to exercise their rangatiratanga, kaitiakitanga, and manaakitanga and to provide full value to the Ngāi Tahu whānui, to the communities of Piopiotahi Milford Sound, and, through their hospitality, to domestic and international visitors.
- 2 Better management of visitors and the environment and greater use of private enterprise to achieve economic benefits for the region aligns well with the current Government's overarching priority of building a stronger, more productive economy that increases real incomes and opportunities for all New Zealanders.
- 3 Supporting a flourishing Piopiotahi Milford Sound also aligns with the Government's aim of developing a tourism infrastructure and workforce that can provide a world-class visitor experience to more visitors to New Zealand.

## A strategic reset and shift is needed to enable shared decision making about how to manage and develop tourism sustainably

A reset and shift is needed across the interconnected areas of governance, funding, infrastructure, visitor management, and commercial operations. Tackling these challenges in a piecemeal or stepped approach is unlikely to achieve long-lasting change that places the management of Piopiotahi Milford Sound on a sustainable footing.

There is a complex system of legal obligations and commercial arrangements that span three regulatory management systems – for conservation and national parks; resource management and the coastal marine area; and transport and road management.

Interventions need to target the following at the same time:

1. improving governance, management, and regulation of Piopiotahi Milford Sound to enable more co-ordinated decision making and responsive management of the place and to create better incentive for competition and innovation to improve the visitor experience
2. a visitor management approach that disperses visitors along the Milford Corridor and Te Anau to reduce the congestion and associated impacts in Piopiotahi Milford Sound itself, enabling the number of visitors to grow over time
3. mechanisms that enable tourists to make a greater contribution to the nature and infrastructure they enjoy, meeting the costs that they incur and shifting towards a financially sustainable (self-funding) model for tourism and conservation at Piopiotahi Milford Sound
4. opportunities for Ngāi Tahu to exercise their rangatiratanga, kaitiakitanga and manaakitanga

Changes implemented through this work could provide a valuable test case for managing similar challenges facing other high volume tourist tourism and conservation areas.

The investment logic map overleaf sets out these issues and the investment objectives that seek to address them (the investment objectives are discussed further on page 79 and the associated benefits that investment is intended to deliver<sup>10</sup>).



**Figure 10. Investment logic map**

## PROBLEMS

The root causes and core problems we are trying to address.

## INVESTMENT OBJECTIVES

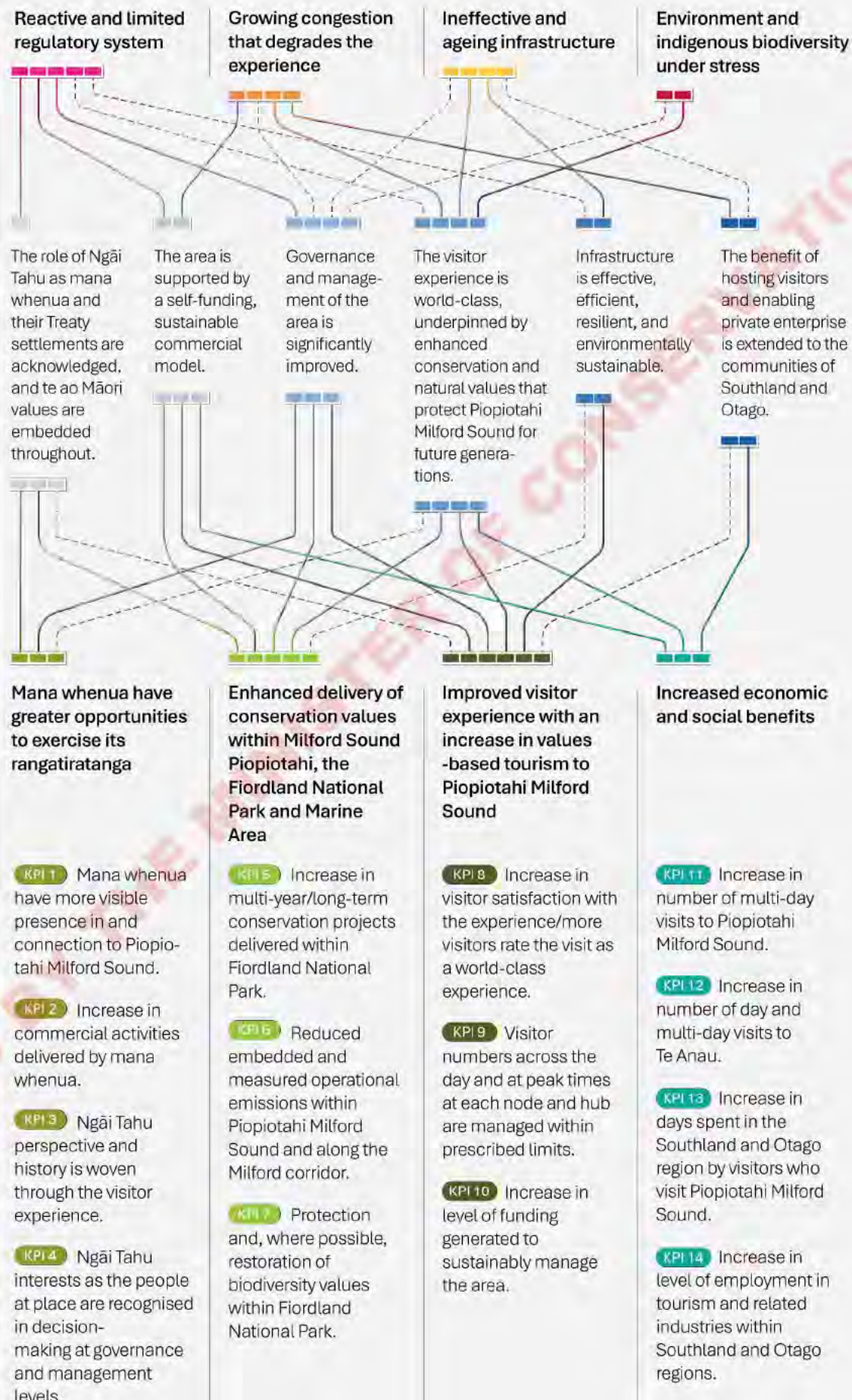
The purpose of the required investment given the core problems.

## BENEFITS

Benefits that the investment will deliver.

## KEY INDICATORS

Measures that demonstrate the investments was successful.



## More co-ordinated decision making is needed in order to provide greater confidence

### More effective use of concessions would reduce transaction costs and enable business to invest and innovate

There is an opportunity to improve how the concessions framework allocates and regulates commercial activities, with a focus on improving the overall visitor experience. This aligns with the broader purpose of the concessions system to enable private use of public conservation land and waters while ensuring that use maintains the values of public conservation land and waters. It presents a chance to guarantee that conservation land is used and funded to provide benefits to mana whenua, to tax- and ratepayers, and to our visitors.

The current concessions system in Piopiotahi Milford Sound authorises tourism activities and critical infrastructure. To date, this system has not adequately protected conservation values or ensured a high-quality visitor experience. However, there is an opportunity to fix those problems through a shift to a more strategic and coordinated approach that enables businesses to invest in improving the visitor experience and contribute to conservation objectives. This would involve:

- > a more proactive approach to planning for and allocating concessions (that is, competitive tendering), which would encourage competition and innovation among private operators
- > strategic use of conditions and monitoring to ensure that high standards are met on key outcomes. This could include setting standards so that mana whenua narratives are reflected appropriately, visitors are well-informed about natural hazards, and infrastructure is maintained to a high standard.

- > refining approaches to fee setting to ensure fees are consistently applied across concessionaries and that there is better recovery of costs to help fund the costs of administering the system
  - > exploring how concession conditions and commercial operators can help address congestion problems, which can be considered a key “effect” of some activities
- DOC also notes that better, more strategic use of concession conditions would better protect the environment and biodiversity.<sup>41</sup>

### Effective governance and management is needed to enable the ambitions to be achieved

There is an opportunity to reorient governance and management towards achieving results that reflect the value and mana of Piopiotahi Milford Sound as a national and international treasure. With this shift, governance and management would:

- > provide a vision for Piopiotahi Milford Sound that ensures a world-class tourism experience while also protecting the values of conservation, Ngāi Tahu and World Heritage.
- > be equipped with the management instruments that will enable effective, accountable, and responsive management, so that key pressures are addressed and this vision for Piopiotahi Milford Sound is achieved.

To achieve those results, governance and management needs to incorporate the following core design principles:

- > **Fit for purpose** – it supports the functions that are most important for the proposed approach, with flexibility to change focus over time
- > **Effective and efficient** – it identifies and allocates risks and accountabilities to where they are appropriately managed
- > **Appropriate separation of interests** – so conflicts are managed effectively

<sup>41</sup> Department of Conservation (2023), Briefing to the incoming Minister of Conservation, <https://www.doc.govt.nz/globalassets/documents/about-doc/role/publications/bim-2023/bim-conservation-november-2023.pdf>



- > **Supports confidence across the system** – facilitating an effective working relationship between Treaty partner, operators and concession holders, local community and their representatives, and stakeholders
- > **Value for money** – appropriately balances cost and disruption with the need for change (including potential duplication)
- > **Financial sustainability** – enables access to funding mechanisms that will support the implementation of the Masterplan.

A new visitor-management approach is needed, to disperse visitors along the Milford Corridor and Te Anau

Maintaining a world class visitor experience will require a different approach as visitor demand rises. The different facets of the visitor experience strategy are set out in Table 3.

**Table 3: Defining an iconic, unique and world-class experience**

Features	Description	Focus areas
<b>Integrated visitor management</b>	The natural environment and cultural values should seamlessly blend into visitor experiences. The experience should be underpinned by management tools and systems that measure and respond to protect the values people come to enjoy.	<ul style="list-style-type: none"> <li>&gt; congestion/crowd management</li> <li>&gt; dispersal of visitors</li> <li>&gt; visitor journey mapping.</li> </ul>
<b>Multifaceted visitor engagement</b>	Offering visitors a rich and varied experience to cater to a range of motivations is crucial for visitor and concessionaires. This goes beyond offering up a view of the natural beauty towards exposure to the values of tranquillity and wilderness; further—it broadens into history and significance through storytelling.	<ul style="list-style-type: none"> <li>&gt; customer segmentation</li> <li>&gt; range of visitor experiences</li> <li>&gt; immersive slow tourism.</li> </ul>
<b>Sustainable traveller</b>	A tourism charge that funds conservation and the local community directly shapes visitor experiences, making them memorable and meaningful while assuring the travellers they are being sustainable. Simultaneously, a conservation-at-the-foundation approach designated specific open areas for visitors while emphasising preserving and restoring untouched parts of Fiordland National Park.	<ul style="list-style-type: none"> <li>&gt; tourism strategies and action plans for regenerative tourism and emerging market trends.</li> </ul>
<b>Incorporate mana whenua values and recognise partnership</b>	Mana whenua perspective reflect in the build environment should be central to the visitor experience. The Project should prominently acknowledge Ngāi Tahu's deep ties to the land and position Ngāi Tahu's environmental guardianship role as a foundational consideration in all business case evaluations.	<ul style="list-style-type: none"> <li>&gt; cultural footprint and economic opportunities for mana whenua.</li> </ul>



Features	Description	Focus areas
<b>Safe, efficient, and sustainable infrastructure</b>	<p>The infrastructure, from roads to facilities, should manage visitors safely, distribute them efficiently to avoid congestion and be resilient and eco-friendly. We should prioritise sustainable methods and practices that are cyclic, zero carbon and do not disrupt significant ecosystems.</p> <p>Technology can enhance the visitor experience with information for decision-making and education. Infrastructure and systems should be adaptive to future technology.</p>	<ul style="list-style-type: none"> <li>&gt; safety</li> <li>&gt; resilience</li> <li>&gt; sustainability</li> <li>&gt; use of technology.</li> </ul>
<b>Adaptable to change</b>	The visitor experience must be flexible and adapt to changing demands. This includes the needs of the visitors, the host communities, industry and nature.	> data-informed decision-making
<b>Connected to community benefits</b>	The visitor experience must be connected to a tourism system that balanced tangible benefits with the needs of host communities. This includes enabling private enterprise, sustaining local economies and culture, creating viable career opportunities, and having tourism revenue fund community projects.	> tourism system capacity and capability such as high-value visitors, seasonality, and housing.

## Key visitor insights

The pursuit of authentic and immersive experiences is a defining trend of the Kantar research, consistent with the intent of the Masterplan. Activities in Piopiotahi Milford Sound and Te Rua o Te Moko the Milford Corridor offer a gateway to crisp air, mountainous terrain, and the perception of an untouched environment, representing the quintessence of New Zealand's tourism offerings. The following data-driven insights and strategic considerations underscore the importance of an understated and deliberate approach in meeting visitor expectations at Piopiotahi Milford Sound, but also points to framing up views, and presenting access to Māori culture.

Visitors to Piopiotahi Milford Sound are interested in authentic and immersive experiences, underpinned by the vast mountainous terrain and the perception of an untouched environment. Both domestic and international visitors exhibit a high level of interest in short walks and day hikes. 55% of international visitors rank immersion into Māori cultural experiences as their number one ranked activity of interest. Viewing areas are also ranked highly across all visitor markets, which

underscores the importance of unimpeded access to scenic vistas.

At 74% of domestic and 53% of internationals, a boat cruise ranks as the most widely expected experience for all visitors, seemingly as it fulfils the desire for an immersive experience in the towering landscapes of Piopiotahi.

Quality facilities play a pivotal role in shaping visitor experiences. While viewing areas and food and café options are universally valued, the provision of quality toilets emerges as the top priority for 84% of New Zealanders, highlighting the importance of basic amenities in enhancing visitor satisfaction.

There is strong demand for sustainable accommodation across all markets, with preferences ranging from luxury to camping. Travel times from Te Anau (minimum 3.5 hours return) and Queenstown (minimum 7.5 hours return), coupled with limited accommodation, food and beverage, and entertainment options close to the National Park must be seen as influencing factors for visitors considering multi-day activities. The preference is for sustainable overnight stays (average 65% domestic, 59% international) over luxury or basic camping. Interest in multi-day hikes and cycling options is again consistent with 43% of domestic and 35%

of international markets indicating an interest. The current limited availability of aligned accommodation options, food, and entertainment may also affect the appeal of multi-day experiences.

The landscape management advice developed through the Masterplan emphasised the benefit of adopting an approach that aims to cluster development in areas that have already been modified to minimise sprawl of modification on conservation land. This retains the landscape and ecological values of the national park while also mitigating the risk of natural hazards.<sup>42</sup>

Essential to this approach is ensuring any visitor facilities, including infrastructure, are sensitively located and designed, constructed and/or operated in a way that is sympathetic to the natural environment.

**Wilderness in the context of the Masterplan means the ability for a visitor to stand in a setting and have the opportunity to perceive a sense of an uncultivated and uninhabited natural environment around them.**

There is broad support among stakeholders for adopting slower and more sustainable tourism. This can be thought of across the three geographic areas that comprise this project's scope:

- > Establishing a more attractive magnet destination within Te Anau that encourages visitors to spend multiple nights locally.
- > Increased activities and accommodation provision along the Milford Corridor to disperse visitors along the journey.
- > Redesigning the visitor areas in Piopiotahi Milford Sound to encourage visitors to 'dwell and not linger'.

Ngāi Tahu is clear that they want to see both land and people supported to thrive. This vision is shared across the communities we've hosted in feedback sessions.

### Te Anau as gateway

The Masterplan identified the opportunity to establish Te Anau as a hub for visitors travelling to Piopiotahi Milford Sound to base themselves

for extended stays and explore Piopiotahi Milford Sound and other experiences in the local area.

This requires a considered and co-ordinated strategy to develop Te Anau as a magnet destination with supporting investment in enabling infrastructure for an increased in visitor activity. The Te Anau Basin Development Plan will be developed in 2024 to enhance the area including supporting Te Anau's growth as a Fiordland hub and standalone destination. Its purpose is to enhance Te Anau, Manapouri and the wider area as a place to live, work and visit. It will include recommendations and conceptual designs that consider a wide range of factors, including accommodation, service facilities, infrastructure location, recreational activities, roads, car parks, footpaths, cycleways, walking tracks, open spaces and improved CBD opportunities.

In the short term, consideration of time poor visitors and those seeking a resort type experience from Queenstown is necessary, due to the location's dominance limiting the opportunities for regional tourism. Implementing change to a complex, high-volume system carries risks for visitors and private investors, meaning that working within the current state, and shifting over time to a sustainable future would provide greater chances of success. This will need to be carefully balanced given Queenstown's status as a winter destination given its proximity to ski resorts.

### Milford Corridor experiences

Stakeholder feedback confirms the essential role of the Milford Corridor in managing transportation schedules and enhancing visitor experiences. Increased opportunities to stop along the corridor for short experiences and activities or to stay overnight and enjoy day activities would support an improved visitor experience and reduce congestion at Piopiotahi Milford Sound itself by encouraging visitors to 'slow down'.

<sup>42</sup> Stantec NZ Limited (2021). Milford Opportunities Project: Land Analysis Report. Prepared by Boffa Miskell Limited for Milford Opportunities Project.



Corridor experiences could include a range of activities such as:

- > new walking, hiking and cycling trails
- > increased capacity and different options (e.g. eco cabins, glamping) at existing campsites
- > new experiences provided through concession arrangements (e.g. night experiences)
- > new lookout options (e.g. Pops view).



**The people that travel with us just love the fact that we take our time...and they connect with nature and see a bit of bird life ... It is personal, educational”**

*– Piopiotahi coach driver*

Investing in the corridor would also contribute to mitigation of the natural hazard risk within Piopiotahi Milford Sound itself, ensuring that visitor volumes within Piopiotahi Milford Sound at any one point in time area kept to manageable levels for shelter and evacuation.

This is reinforced by the Kantar research which confirms the general trend, post Covid, of increased demand for nature rich experiences.

### **Redesigning the visitor areas at Piopiotahi Milford Sound to encourage smooth flows and strengthen resilience**

The Masterplan envisaged redesigning Piopiotahi Milford Sound to make better use of the available land and improve the visitor experience, to respect the heritage and values of Ngāi Tahu, while managing a range of limitations to improve conservation and the landscape. It included proposals to redesign the layout of Piopiotahi Milford Sound, a new visitor centre and eco-concept hotel to replace the existing THC building and a range of visitor activities that enhance the experience within Piopiotahi.

The Masterplan recognised the balance between infrastructure and the perception of a pristine, natural environment. It proposed careful, well-designed infrastructure to mitigate negative

visual effects to visitors, and the impact on the environment.

Piopiotahi Milford Sound is subject to multiple challenging natural hazards, and much of the infrastructure in place does not manage the risks from those hazards well. Redesigning the infrastructure presents an opportunity to reduce the risk posed from hazards and improve resilience. Improving resilience involves reducing the destruction or damage severity of natural events, lowering costs of repair or replacement, reducing time that the infrastructure is unavailable, reducing the amount of time visitors spend in Piopiotahi Milford Sound and therefore their exposure to risks, and increasing the visitor and worker awareness of the risk. This includes:

- > Moving to a low number of consolidated earthquake-resilient buildings that can withstand wave overtopping.<sup>43</sup> The high risk of landslide-induced tsunami in Piopiotahi Milford Sound, and the few people that would have sufficient physical fitness to run up 50 metres elevation over 150m horizontal distance, in less than 1 minute, makes refuge points vital for managing this risk. The Masterplan proposes a range of measures to help improve visitor safety in a catastrophic event, including quick access refuge points that are structurally resilient to earthquake, followed by landslide-induced tsunami.
- > Redesigning the core amenities and infrastructure in Piopiotahi Milford Sound should allow for better resilience in the difficult topography in and around the main visitor area, including avoiding having a high volume of visitors congregate near steeper, higher cliff edges. The cliff above the ferry terminal at Freshwater Basin is just under 200m high, and has been prone to damaging rockfalls in the recent past.
- > Piopiotahi Milford Sound is coastal and low-lying. With the sea level rise forecast with climate change, there is an increasing risk of inundation or other water damage from the sea, prompted by storm surges and King Tides. Some infrastructure, like the north-western-end of the runway, are particularly

<sup>43</sup> Stantec NZ Limited (2021). Milford Opportunities project: Hazards and Visitor Risk Review Report. Prepared by Stantec NZ Limited for Milford Opportunities Project.



low-lying—as low as 1.5m above mean sea level. Options to mitigate the risks of tidal surges following sea level rise, include:<sup>44</sup>

- using the ground floor for vehicular services, so that the main visitor

concentration is slightly elevated, and using materials in lower parts of the buildings that can get wet, and

- removing or replacing the low-lying runway

## Mechanisms are needed to enable tourists to contribute more to the nature and infrastructure they enjoy and to put management of Piopiotahi Milford Sound on a sustainable funding pathway

There is also an opportunity for tourists to better contribute to conservation and community and support the financial sustainability of the place through a charging mechanism like a visitor charge or entrance fee. Surveys of international visitors demonstrate an understanding and possible expectation that a fee will be charged for access to a national park. There is also a strong desire to contribute to the conservation of the natural environment, enhance the destination's culture and heritage and support local communities (see Figure 11).

Ensuring visitors contribute to the amenities they use and the costs that they create will shift the burden of costs from the Crown and New Zealander ratepayers and taxpayers closer to those who benefit from the infrastructure and destinations. In its advice to the incoming government, MBIE said that empowering local authorities and DOC with additional funding tools to “both charge and manage demand would have significant benefits for local communities and enhance the visitor

experience without impacting overall visitor volumes.”<sup>45</sup>

Both MBIE and DOC recognise the need for a more financially sustainable tourism and conservation offering. While these agencies have quite different areas of focus, they identify a collective need to implement user-pays models that build resilience and transition to financially sustainable visitor experiences.

**“Funding has been the biggest issue for [marine] biosecurity and we really need more funds to run a proper effective control programme and a better more comprehensive surveillance programme.”**

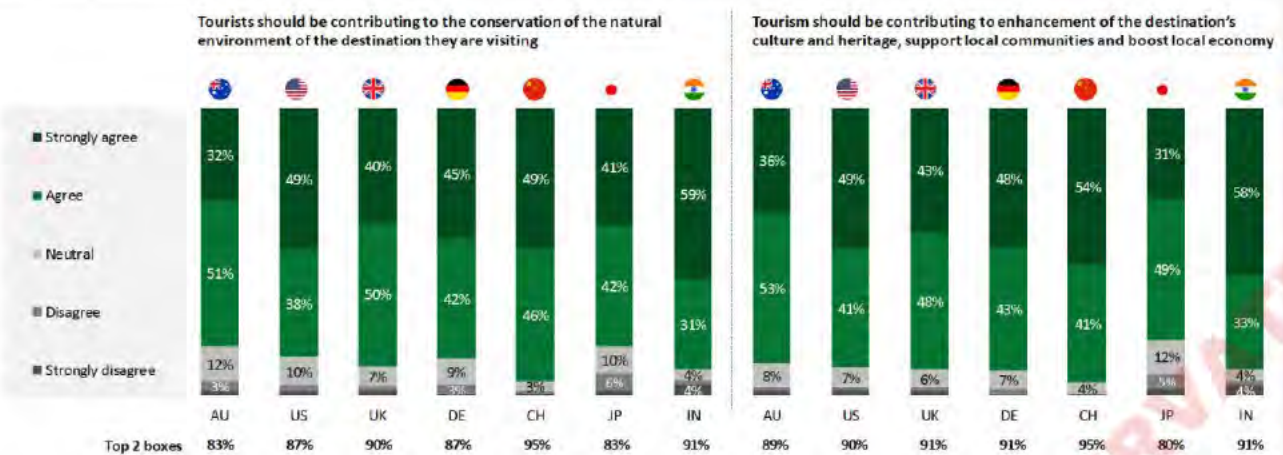
– Conservation expert

A charge not only provides opportunities for a self-sustaining model of delivery in Piopiotahi Milford Sound, it also enhances the visitor experience by enabling visitors to contribute to the place and people. Charging international visitors to access Piopiotahi Milford Sound provides an opportunity to drive value over volume for a return, and to allow for sustainable returns that can be reinvested into conservation outcomes and better infrastructure that will benefit Piopiotahi Milford Sound and the wider park and marine environments perpetually.

<sup>44</sup> Stantec NZ Limited (2021). Milford Opportunities project: Hazards and Visitor Risk Review Report. Prepared by Stantec NZ Limited for Milford Opportunities Project.

<sup>45</sup> Ministry of Business, Innovation and Employment (2023), Briefing for the incoming Minister for Tourism and Hospitality

Figure 1111. Surveys of approx. 700 respondents in each target market



Source: Kantar (2023): Kantar (2023)

This is a common approach undertaken overseas, for example:

1. In Uluru-Kata Tjuta National Park in Northern Territory, Australia, another UNESCO World Heritage site, adult visitors are charged an entry fee of \$38AUD for a 3-day pass and \$50AUD for an annual pass (under 18s visit for free). All revenue collected from the passes is invested back in the park to support Anangu (the traditional owners of the place), park maintenance and operation and conservation initiatives.<sup>46</sup>
2. In Banff national park, Canada, also a UNESCO World Heritage site, visitors pay between \$9.50 CAD (seniors aged 65 and over) and \$1 CAD (18 to 64 year olds) for a one day pass with under 18s able to visit for free. Revenue collected through the entry fee, together with revenue collected from fees for other national parks, is allocated to Parks Canada the federal agency responsible for funding and operating national parks. These fees make up 25% of the annual operating costs for the parks.<sup>47</sup>
3. In Yosemite National Park in the United States visitors aged 16 years and above pay an entry fee of between \$20 USD to \$35

USD depending on their mode of transport. An annual pass costs \$70 USD. Not all national parks charge an entry fee in the United States. At least 80 percent of funding fees stays in the park where it is collected, and the other 20 percent is used to benefit parks that do not collect fees or parks which generate only a small amount of revenue. Revenue is used to improve the visitor experience and recreation opportunities.<sup>48</sup>

4. Victoria Falls Mosi-oa-Tunya is one of the world's largest waterfalls on the Zambesi River in southern Africa. It is located in the Victoria Falls (Zimbabwe) and Mosi-oa-Tunya National Parks (Zambia). The Falls has approximately 1 million visitors per year and charges an entry fee of between \$20 to \$50 USD depending on the point of entry. The fee is used to support conservation efforts and management of the national park.
5. Plitvice Lakes National Park in Croatia is nearly 300 square kilometres. It contains 16 terraced lakes, waterfalls and a limestone canyon. There were an estimated 1.2 million visitors in 2022. Pricing depends on the time of year and ranges from \$20 to \$75

<sup>46</sup> <https://ulurutoursaustralia.com.au/blog/where-does-your-park-permit-fees-go/#:~:text=25%25%20of%20total%20earnings%20go,oral%20histories%2C%20and%20biodiversity%20management.>

<sup>47</sup> Parks Canada (2023). Fees report: Fiscal year 2022-2023. <https://parks.canada.ca/agence-agency/bib-lib/rapports-reports/tarification-fees/2022-2023>

<sup>48</sup> <https://www.nps.gov/aboutus/fees-at-work.htm#:~:text=Entrance%20fees%20are%20an%20important,and%20on%20other%20federal%20lands.>

NZD for both domestic and international visitors. The fees for the Park's shuttle buses and ferry boat rides are all included in the ticket price.

6. Serengeti National Park is a World Heritage Site over 5,000 square kilometres in Tanzania. It is home to one of the continent's highest concentrations of large mammal species, including lions, hyenas, zebras, giraffes, and elephants. The Park has approximately 350,000 visitors per year. International visitors pay between \$60 to \$70 USD for entrance depending on the season. Revenue raised from the entrance fee contributes to the permanent protection and landscape maintenance of

the Park, trails, toilets, and accident insurance.



**You go to Canada anywhere like that you have to pay to access those parks. So long as the money is channelled back into Fiordland National Park and Piopiotahi”**

– Piopiotahi worker

Further examples of fees charged in UNESCO world heritage sites overseas are listed in Appendix 2.6 and demonstrate that this is a common practice internationally, particularly where a site has a particularly high cultural and conservation value.

## There is an opportunity for Ngāi Tahu as mana whenua to more directly exercise rangatiratanga, kaitiakitanga, and manaakitanga

Ki uta ki tai (a Ngāi Tahu philosophy that recognises everything is connected and must be managed as such) needs to be front of mind when understanding Ngāi Tahu cultural heritage. It reflects the belief that we belong to the environment and are only borrowing the resources from generations yet to come. Mana whenua consider it their duty to leave the environment in as good or better condition than received from their tūpuna. Ki uta ki tai is the basis of Ngāi Tahu Iwi Management Plans and is recognised in regional and district planning documents.<sup>49</sup>

Mana whenua see intervention to sustainably manage tourism in Piopiotahi Milford Sound as a means of defining this place, through recognising the mana of Tū Te Rakiwhānoa and his work to shape Te Rua o te Moko with Hine Titama. Decisions about what is appropriate and inappropriate development and management need to be placed in that cultural context.

This narrative sets an expectation of best practice, acknowledging that Te Rua o te Moko was the final work and masterpiece of Tū Te Rakiwhānoa.

**Mana whenua want both Ngāi Tahu whānui and manuhiri to be in awe of the majesty that Tū Te Rakiwhānoa crafted and for subsequent generations to experience the wairua of Piopiotahi.**

Embedding this cultural narrative into the package of interventions and into the experiences of Ngāi Tahu whānui and manuhiri revives the stories, placenames, and insights of Ngāi Tahu, recognising Ngāi Tahu as mana whenua and proprietors of its own history, stories, and culture.

The narrative also provides a platform for Ngāi Tahu and government to work together as Treaty partners to achieve intergenerational benefits for Ngāi Tahu whānui, and provide full value to the communities of Piopiotahi Milford Sound and to domestic and international visitors.<sup>50</sup>

<sup>49</sup> Kauati (2024). Ngāi Tahu cultural heritage assessment. Te Rua o Te Moko.

<sup>50</sup> Kauati (2021), Milford Opportunities Project: Mana Whenua Aspirations and Values Report.



## More sustainable management of Piopiotahi Milford Sound aligns with the strategic policy direction of both central and local government

The significant change this business case proposes for managing tourism in Piopiotahi Milford Sound aligns well with several key national, regional, and local strategies and policies, particularly for tourism and conservation. This is summarised in Table 3 below and detailed in Appendix 2.7.

Most significantly, better management of visitors and the land and marine environments and greater use of private enterprise to achieve economic benefits for the region aligns well with the current government's overarching priority of building a stronger, more productive economy that increases real incomes and opportunities for all New Zealanders.<sup>51</sup>

## The approach proposed by this business case could be replicated in other parts of New Zealand

Although this business case focusses on Piopiotahi Milford Sound, the challenges it addresses exist across the country, as noted in DOC's Briefing to the incoming Minister of Conservation, and MBIE's Briefing for the incoming Minister for Tourism and Hospitality.

The approach presented in this business case could provide a valuable use case for sustainable, regenerative management of tourism and the environment that could be replicated across New Zealand's iconic conservation land and waters.

**Table 4: Summary of strategic alignment with national, regional and local directions**

Strategy	Outcomes sought	Our connection
NATIONAL	<b>New Zealand Aotearoa Government Tourism Strategy</b>  Enrich New Zealand-Aotearoa through sustainable tourism growth: <ul style="list-style-type: none"> <li>&gt; Tourism sector productivity improves.</li> <li>&gt; Tourism protects, restores and champions New Zealand-Aotearoa's natural environment, cultural and historic heritage.</li> <li>&gt; New Zealand-Aotearoa delivers exceptional visitor experiences.</li> <li>&gt; New Zealanders' lives are improved by tourism.</li> <li>&gt; Tourism supports thriving and sustainable regions.</li> </ul>	The Project is a valuable test case for trialling a sustainable tourism approach through partnership with industry, mana whenua and local communities. Getting this approach right could provide a replicable model for use in other iconic and precious conservation estates with high levels of visitation.
	<b>Heritage and Visitor strategy</b>  Sustainably manage visitors to protect and enhance the value of New Zealand's natural, cultural and historic heritage: <ul style="list-style-type: none"> <li>&gt; New Zealand's natural, cultural and historic resources are protected and restored to maintain biodiversity, cultural and historic values, ecosystem health, landscapes and natural quiet.</li> <li>&gt; Visitors are enriched and better connected to New Zealand's natural, cultural and historic heritage.</li> <li>&gt; Tangata Whenua, regions and communities benefit from protecting and connecting visitors with their natural, cultural and historic heritage.</li> </ul>	Intervention in Piopiotahi Milford Sound seeks to more sustainably manage visitors while also protecting and restoring the biodiversity and conservation values within the Fiordland National Park. There is also an opportunity to provide opportunities for visitors to 'give back' to the place and to enhance the connection that Ngāi Tahu have with a historic taonga.

<sup>51</sup> New Zealand Government (27 March 2024), *Budget Policy Statement*, <https://www.treasury.govt.nz/sites/default/files/2024-03/bps24.pdf>



Strategy		Outcomes sought	Our connection
NATIONAL	Te Mana o te Taiao —Aotearoa New Zealand Biodiversity Strategy 2020	<ul style="list-style-type: none"> <li>&gt; The mauri of nature is vibrant and vigorous.</li> <li>&gt; Ecosystems, from mountain tops to ocean depths, are thriving.</li> <li>&gt; Indigenous species and their habitats across Aotearoa New Zealand and beyond are thriving.</li> <li>&gt; People's lives are enriched through their connection with nature.</li> <li>&gt; Treaty partners, whānau, hapū and iwi are exercising their full role as rangatira and kaitiaki.</li> <li>&gt; Prosperity is intrinsically linked with a thriving biodiversity.</li> </ul>	This business case seeks to implement a sustainable tourism approach in Piopiotahi Milford Sound, with a key outcome being to preserve and protect the mauri of the place. This includes managing visitors in a way that enables ecosystems and the species that inhabit these to thrive; promoting stronger connection for visitors with the environment; creating opportunities for private enterprise linked with a thriving environment; and removing barriers to Ngāi Tahu exercising its rangatiratanga.
	Beyond 2025 Southland —Regional Long-term Plan	<p>Moving forward, new pathways for Murihiku Southland in a constantly changing world:</p> <ul style="list-style-type: none"> <li>&gt; We have a <b>thriving population</b> with happy, healthy people who are proud to be Southlanders.</li> <li>&gt; We <b>respect and care for our natural environment</b> acknowledging it's the source of our prosperity and way of life</li> <li>– We remain a powerhouse for New Zealand Aotearoa, providing a <b>diverse and resilient economy</b> that enables jobs and career opportunities for our people.</li> </ul>	Piopiotahi Milford Sound is essential to the Southland region's economic, environmental, social and cultural wellbeing. Implementing an effective approach that delivers sustainable tourism can act as a catalyst for many of Southland's priorities for a thriving environment, people and economy.
REGIONAL & LOCAL	Southland District Strategic direction	<p>Southland—one community offering endless opportunities:</p> <ul style="list-style-type: none"> <li>&gt; improve how we work to <b>build resilience</b></li> <li>&gt; better preparing our communities and council for future change</li> <li>&gt; provision of appropriate infrastructure and services</li> <li>&gt; support healthy environments and sustainable communities.</li> </ul>	A source of local pride, Piopiotahi Milford Sound presents a great opportunity to deliver on Southland District Council's strategic aims, many of which are aligned with the investment objectives for this project.
	Environment Southland's Strategic Direction	<p>Thriving Southland</p> <ul style="list-style-type: none"> <li>&gt; <b>managed access</b> to quality natural resources</li> <li>&gt; diverse opportunities to make a living</li> <li>&gt; communities empowered and resilient</li> <li>&gt; communities expressing their <b>diversity</b>.</li> </ul>	New approaches to managing tourism in Piopiotahi Milford Sound align strongly with the regional council's goals to see access to natural resources better managed, diversification of economic opportunities and more resilient, diverse and thriving local communities.
	Resource management policies and plans	<p>Provide for the sustainable and integrated management of natural resources in the Southland region through</p> <ul style="list-style-type: none"> <li>&gt; management of activities that may adversely affect the quality of the region's freshwater</li> <li>&gt; sustainable management of the coastal marine area, land use and development</li> <li>&gt; achieve more meaningful rangatiratanga and kaitiakitanga in natural resource management</li> </ul>	The Project aligns with the broad focus of the resource management planning framework to manage natural resources sustainably and in an integrated manner, particularly through the Project's proposed integrated approach to managing issues across the land and coastal marine area and provide for mana whenua values.

Strategy		Outcomes sought	Our connection
REGIONAL & LOCAL	<b>Murihiku Southland Destination Strategy</b>	<p>Murihiku Southland is a world-class tourism destination that showcases our stunning natural landscapes, rich cultural heritage, and exceptional hospitality. By prioritising sustainability and community collaboration, we create unforgettable experiences for visitors, while benefiting residents, businesses, and the environment</p> <ul style="list-style-type: none"> <li>&gt; a world-class destination</li> <li>&gt; showcasing exceptional hospitality</li> <li>&gt; prioritising sustainability</li> <li>&gt; showcasing rich cultural heritage</li> <li>&gt; creating lasting benefits for community and business</li> </ul>	<p>The Project is a key priority in the region's destination strategy and an opportunity to be its centrepiece attraction that showcases not just the stunning beauty of the region's natural landscapes and rich cultural heritage but also a sustainable approach to protecting and managing the place, giving visitors a world class experience and creating economic opportunities for local communities and businesses.</p>



### What is regenerative tourism?

Regenerative tourism, at its simplest, seeks to ensure travel and tourism reinvest in people, places and nature and that it supports the long-term renewal and flourishing of our social-ecological systems.<sup>1</sup>

Two examples of how this has been done nationally and locally are presented below.

### Tourism New Zealand Tiaki Pledge

Seven private and public sector organisations developed the Tiaki Promise, started in 2018. The Tiaki Promise asks tourists visiting New Zealand to promise to:

- > Care for land, sea and nature, treading lightly and leaving no trace

- > Travel safely, showing care and consideration for all
- > Respect culture, travelling with an open heart and mind

Visitors are asked to share their pledge on social media, to make a public commitment to respect, while further raising awareness.



## Mārahau Pledge

Nine operators from Mārahau Village, the main gateway to the Abel Tasman National Park and home to around 200 residents, formed a coalition of tourism operators committed to work together on sustainability and regenerative tourism with three key commitments:

- > All operators are certified zero-carbon operators.
- > Sharing knowledge and opportunities to further advance sustainability of all operations in Mārahau.

- > Investing back in improving biodiversity in Mārahau with every ticketed experience including a financial contribution towards a charitable trust focused on delivering improved biodiversity and conservation outcomes for Mārahau Village (projects are selected in collaboration with mana whenua and the local community).

## The Mārahau Pledge *Te Oati mō Mārahau*

This is our pledge to Mārahau.

*Nei tō mātou oati ki a Mārahau*

This is our pledge for the future.

*Nei te oati mō anamata*

We commit to care for Mārahau, its surrounds and each other.

*Ko Mārahau kei runga, kei raro, kei roto, kei waho. Tātou ki a tatou.*

To be aware of and take responsibility for our impact.

*Kia rongo, kia mōhio, kia mārama ki ō tātou tapuwae waro*

To inspire protection through connection.

*Kia whakaohohotia te pare i te herenga tangata*

To tread lightly and explore slowly.

*Kia āta tuhuratia.*

To regenerate our land, air, water and all living things.

*Kia tipu, kia rea ngā koha o rātou mā.*

To give back to this place that gives so much to us.

*Kia taukohatia ngā hua o Mārahau.*

To care more and explore more.

*Kia tōmenetia i roto i te manaaki.*

To be good ancestors.

*Kia tika te tūāpapa mo āpōpō*

**MĀRAHAU  
PLEDGE**



## 2.5 Investment objectives

The following investment objectives have been developed to inform the business case, through investment logic mapping workshops run with the MOP Unit. They were tested with stakeholders and endorsed by the Board.

#	Investment objective	Description
1	<b>The role of Ngāi Tahu as mana whenua and Treaty partner is acknowledged, and Te ao Māori values are embedded throughout</b>	<p>Ngāi Tahu has maintained a connection with Te Rua-o-Te-Moko/Fiordland for centuries, through whakapapa and through place-based practices such as mahinga kai, as well as the presence of nohoanga.</p> <p>The significance and importance of mahinga kai and nohoanga are noted as a special part of Ngāi Tahu cultural identity, and it is these practices that binds tangata whenua to its culture.</p> <p>The intent of this objective is to ensure that iwi place in the landscape and guardianship of mātauranga Māori me te āiao (Māori knowledge and the environment) are recognised and acknowledged.</p>
2	<b>Results in significantly improved governance and management of the area.</b>	<p>Establishing a new governance model is necessary to deliver the intent of the Masterplan and will require a collective effort across a wide range of central and local government, mana whenua, local enterprise and community stakeholders.</p> <p>The intent of this objective is to design an effective and suitable governance and management model that supports integrated management between Piopiotahi Milford Sound, the Milford Corridor, and Te Anau.</p>
3	<b>The area is supported by a self-funding, sustainable commercial model as much as possible</b>	<p>The intent of this investment objective is to put in place a commercial model which is self-funding—that is, not funded directly from the Crown. Currently, funding mechanisms to support investment, including in conservation management, are not optimal, and DOC is in a difficult position between trying to preserve and protect core conservation assets while also facilitating visitation.</p> <p>This objective is focussed on designing a new funding approach that can sustainably support the investments outlined in the Masterplan.</p>
4	<b>The visitor experience is world-class, underpinned by enhanced conservation and unique natural values that protect Piopiotahi Milford Sound for future generations</b>	<p>The intent of this investment objective is to shift the visitor experience so that visitors experience the true essence, beauty and wonder of Piopiotahi Milford Sound and Muirhiku Southland.</p> <p>This could include investing in curate storytelling, infrastructure development that is sympathetic to place and space, and a wide range of choices that are suited to a multi-day experience.</p> <p>Finally, the intent here is also to ensure that tourism can become an engine for supporting and funding conservation and the environment.</p>
5	<b>Delivers infrastructure that is effective, efficient, resilient and environmentally sustainable</b>	<p>This investment objective is about ensuring that infrastructure that exists across the Masterplan area are adaptive, resilient to changes and risk, changing visitor trends, demographics and other external drivers.</p> <p>The intent of this objective is to also ensure that infrastructure development is sympathetic to place and space, as noted above, and that the use, management, and upkeep of this infrastructure is commercially sustainable.</p>



#	Investment objective	Description
6	<b>The benefit of hosting visitors and enabling private enterprise is extended to the communities of Southland and Otago</b>	This investment objective is about ensuring that any investments help encourage visitors to spend time in other parts of the region and enable private enterprise that brings benefits for the broader stakeholders and communities throughout the broader region, including Ngāi Tahu, and the communities of Te Anau, Murikuku Southland, and Otago.

## 2.6 Benefits

The section identifies the potential benefits associated with the proposed intervention. It identifies potential links with the wellbeing domains of the living standards framework. The focus is on identifying and measuring benefits in a way that is prudent, proportionate, and appropriate.

The main benefits associated with the proposed intervention are documented in Table 4 below. These are measured and tested further in the

economic case as part of the options assessment.

**Table 5: Overview of benefits associated with the proposed intervention**

Strategic benefits	Impacts	Wellbeing domains	Parties impacted	Measures
<b>Mana Whenua have greater opportunities to exercise rangatiratanga</b>	Increase in visibility and presence in Piopiotahi Milford Sound	<ul style="list-style-type: none"> <li>&gt; Cultural capability and belonging</li> <li>&gt; Subjective wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Mana Whenua</li> <li>&gt; Visitors</li> <li>&gt; Local residents</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Ngāi Tahu perspective and history is woven through the visitor experience</li> </ul>
	Greater enjoyment and connection derived from the place	<ul style="list-style-type: none"> <li>&gt; Cultural capability and belonging</li> <li>&gt; Subjective wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Mana Whenua</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Increased presence and connection to Piopiotahi Milford Sound</li> </ul>
	Increase in commercial opportunities for Mana Whenua	<ul style="list-style-type: none"> <li>&gt; Cultural capability and belonging</li> <li>&gt; Income, consumption and work</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Mana Whenua</li> <li>&gt; Tourism operators</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Increase in commercial activities delivered by Mana Whenua</li> </ul>
	Improved representation in decision-making over how Piopiotahi Milford Sound is managed	<ul style="list-style-type: none"> <li>&gt; Cultural capability and belonging</li> <li>&gt; Engagement and voice</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Mana Whenua</li> <li>&gt; Tourism operators</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Ngāi Tahu interests as the people at place are recognised in decision-making at governance and management levels</li> </ul>
<b>Enhanced delivery of conservation values within</b>	Increase in ability to fund conservation projects	<ul style="list-style-type: none"> <li>&gt; Environmental amenity</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Mana Whenua</li> <li>&gt; Visitors</li> <li>&gt; Local residents</li> <li>&gt; Tourism operators</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Increase in multi-year/long-term conservation projects delivered within Fiordland National Park</li> </ul>



Strategic benefits	Impacts	Wellbeing domains	Parties impacted	Measures
<b>Piopiotahi Milford Sound and the Fiordland National Park and marine areas</b>	Reduced carbon footprint	> Environmental amenity	> Mana Whenua > Visitors > Local residents > Tourism operators	> Reduced embedded and measured operational emissions within Piopiotahi Milford Sound and along the Milford corridor
	Protection and restoration of the natural environment	> Environmental amenity	> Mana Whenua > Visitors > Local residents > Recreational users > Tourism operators	> Protection and, where possible, restoration of biodiversity values within Fiordland National Park and the marine environment > Improved water quality and clarity > Improved ecological quality > Improved landscape values
<b>Improved visitor experience with an increase in values based tourism to Piopiotahi Milford Sound</b>	Improved experience for visitors to Piopiotahi Milford Sound	> Leisure and play > Subjective wellbeing	> Mana Whenua > Visitors > Local residents > Recreational users	> Improved visitor satisfaction > Improved recreational value > Improved aesthetic appeal
	Reduced congestion	> Leisure and play > Safety > Subjective wellbeing	> Mana Whenua > Visitors > Local residents > Recreational users > Bus operators	> Visitor numbers across the day and at peak times at each node and hub are managed within prescribed limits > Reduced noise and adverse amenity impacts > Improved safety/reduction in road related deaths and serious injuries
<b>Improved visitor experience with an increase in values based tourism to Piopiotahi Milford Sound</b>	Growth in the value of tourism	> Income, consumption and wealth	> Mana Whenua > Visitors > Local residents > Tourism operators	> Increase in level of funding generated to sustainably manage the land and marine area
	Improved resilience and risk management	> Safety	> Mana Whenua > Visitors > Local residents > Recreational users > Tourism operators > Infrastructure operators	> Reduction in risk of fatalities and serious injuries resulting from natural hazards
<b>Increased economic and social benefits for the Southland and Otago regions</b>	Longer stays in Piopiotahi Milford Sound	> Income, consumption and wealth	> Visitors > Local residents > Accommodation providers	> Increase in number of multiday visits to Piopiotahi Milford Sound
	Longer stays in Te Anau	> Income, consumption and wealth	> Visitors > Local residents > Accommodation providers	> Increase in number of day and multiday visits to Te Anau

Strategic benefits	Impacts	Wellbeing domains	Parties impacted	Measures
Increased economic and social benefits for the Southland and Otago regions	Longer stays in the Southland and Otago regions	> Income, consumption and wealth	> Visitors > Local residents > Accommodation providers	> Increase in days spent in the Southland and Otago regions by visitors who visit Piopiotahi Milford Sound
	Increase in regional economic activity	> Income, consumption and wealth	> Visitors > Local residents > Tourism operators	> Increase in concessions opportunities > Increase in level of employment in tourism and related industries within Southland and Otago regions > Improved earnings



## 2.7 Risks, constraints, and dependencies

This section identifies the main risks, constraints and dependencies associated with the preferred approach.

### Risks

The top risks for the project are set out below. (see Appendix 6.6 for the full risk register). The

risks presented here have been identified for their potential negative impact on the achievement of the investment objectives and/or the delivery of benefits.

**Table 6: Top strategic risks for the project**

Risk	Description	Impact on delivery	Likelihood	Mitigation and management
Natural disaster	A natural disaster post-construction strikes Piopiotahi Milford Sound or the corridor	<b>High</b>  High threat to life in a range of seismic scenarios, most notably, a landslide-induced tsunami in Piopiotahi Milford Sound.	<b>Medium-high</b>  Estimates vary, but >50% likelihood of an AF8 event occurring in the next 50 years.	Design infrastructure with refuges, to help mitigate the potential loss of life. Improve education on the risks of visiting Piopiotahi Milford Sound.
Construction impact	Construction of proposed infrastructure impacts conservation and environmental values to a greater extent than planned for	<b>Medium-high</b>  Many of the construction activities are, close to, pristine natural environments, with high conservation values.	<b>Medium-high</b>  The likelihood of conservation values being impacted is higher due to the scale, number, and complexity of the individual projects that this project seeks to achieve.	Detailed conservation and environmental management plans will need to be implemented and enforced, at least in the most sensitive areas.
Greater displacement of visitors to more pristine environments	Visitors avoid Piopiotahi Milford Sound and increase traffic in more pristine parts of Fiordland.	<b>Medium-high</b>  This would work against the project's ambitions to improve conservation outcomes, by risking visitors impacting a wider range of locations in the Fiordland National Park.	<b>Medium-high</b>  It is likely that a small number of visitors will displace to other parts of the national park where they are not liable for the charge. It is much less likely that a large volume of visitors will displace.	Support initiatives to make visiting Piopiotahi Milford Sound attractive and easy, including working with regional tourism initiatives to align messaging.
Expectations and authority misaligned	High expectations remain with lower levels of authority provided to implement change	<b>High</b>  Without the authority or levers to implement change, it will not be realistic to affect the change outlined in this business case.	<b>Medium</b>  As the feasibility assessment concludes, there is a risk in handing over to departments that advice changes and loses nuanced links between authority,	Ensure that the expectations and required authority and levers are presented as a package, making clear to decision-makers the link between the two.



Risk	Description	Impact on delivery	Likelihood	Mitigation and management
			levers and ambition in the project.	
Governance oversight not fit-for-purpose	The governance of the new entity does not have the capability to make good decisions.	<b>High</b>  Poor decisions on the implementation of the project could materially deteriorate the outcomes sought.	<b>Medium</b>  This risk materialises strongest with political appointments to the Board, misaligned with the capability that it needs	Ensure a thorough and careful appointment process for Board members, with fixed terms and review periods as necessary.
Lack of buy-in and support for policy changes such as new charge or managed access regime	Local communities do not understand and / or support the proposed changes	<b>Medium-high</b>  Without community support, initiatives like managed access and the charge may become less effective, as the community seeks ways of not complying with the project's ambitions.	<b>Medium</b>  The imposition of a charge without supporting communications on its purpose, could make it difficult for concessionaries to explain to their customers why they're being charged an additional fee	Clear communication of the purpose and progress of the initiatives at community events will help maintain community support for the initiative.
Community social licence for project deteriorates through construction phase	The project loses support from Southland community, or wider New Zealand community.	<b>Medium</b>  Loss of social licence could lead to deteriorated compliance with wider initiatives like the charge and access management	<b>Medium</b>  Disruption from the construction activity across the project's nodes could deteriorate social licence.	Clear communication of the purpose and progress of the initiatives at community events will help maintain community support for the initiative.
Government priorities change	The government priorities change such that the strategic purpose of this project no longer fits	<b>Medium</b>  A change of government, or a change of priorities could shift the purpose of the project, which could add significant costs and delays.	<b>Low</b>  Successive governments have supported the feasibility work under this project. It is unlikely therefore that a priority shift will be such that material aspects of the project will need to change.	Continue to communicate to Ministers and the public, the value of the project, its ambitions and its outcomes.

## Constraints and assumptions

In developing this business case, we have operated within the following parameters:

- > The vision and concepts presented in the Masterplan. While our remit is to test the feasibility of the Masterplan, we have not

sought to alter the vision set out in that document but rather to consider the practical implementation of that vision

- > The principle of self-funding and ensuring that the proposed investment can be delivered on a self-sustaining basis

We have assumed that:

- > Planned maintenance and upgrades by MSTL and other operators in Piopiotahi Milford Sound would continue

- > DOC expenditure on park maintenance and upgrades would continue.
- > Planned expenditure by Southland District Council and Environment Southland on local infrastructure and environmental improvements would continue.

## Dependencies

The main dependencies for this business case are:

- > The work by the Milford Road Alliance to manage the Milford Corridor, including the potential implications for the role and responsibilities of the Alliance under any new approach to managing access through the road corridor
- > The work underway by Environment Southland to review the Coastal Management Plan. Stage one of the plan review is complete. Stage two is underway.

Officers advise that the plan is likely to be operative from 2025.

- > The work Southland District Council is undertaking as part of the Te Anau Basin Development Plan to enhance the area including supporting Te Anau's growth as a Fiordland hub and standalone destination. This aligns with the proposed visitor management approach of encouraging multi-day itineraries to Te Anau and Piopiotahi Milford Sound, supported by a strong visitor offering in Te Anau.

## Appendix 2.1: Summary of engagement

The Business Case is informed by feedback received during the extensive stakeholder engagement process that ran from December 2022 through to June 2024.

More than 600 engagements were held. The diverse insights, expertise, and lived experiences of the residents, tourism operators, business owners, user groups, and others we talked to helped shape the preferred option.

Discussion topics evolved over the 18-month engagement period. This appendix summarises feedback for the key components of the preferred option.

We appreciate and acknowledge the valuable contribution of everyone who gave feedback on the topics covered here. We also acknowledge the feedback we received on related topics. This wider feedback gave us the insights we needed to understand the full range of options and was an essential part of the process to develop our preferred option.



# Summary of engagement themes

This section provides a summary of stakeholder feedback on the case for change and presents feedback that relates to the preferred option.

Key themes are summarised, and quotes included to directly share stakeholder voices and sentiments.

## Stakeholders support the case for change, agree the Project is an opportunity for improvement and demonstrate strong consensus around many of the proposals

### Stakeholders are seeking positive benefits for visitors, operators, community, mana whenua, and the environment

While different stakeholders had differing priorities and views of the Project, they consistently supported the need for change.

There was widespread agreement that Piopiotahi Milford Sound is a taonga and that change is needed to protect the place, its communities, and the visitor experience. Most stakeholders were positively engaged by the prospect of positive changes and improvements, and that the Project could finally get the cut through needed to bring positive change for Piopiotahi Milford Sound.

**“Piopiotahi is a special place and everyone who goes there should get the opportunity to feel that pleasure – the tranquil and personal experience we’ve been privileged to have as locals.”**

—Te Anau community member

**“People have been having these conversations for over 20 years. The things that everyone agrees on should be going to the Ministers first. People want to see change.”**

—Tourism expert

**“I am yet to meet a person who is impervious to this place. The scale, the beauty, the isolation, the wild... Fiordland has a profound effect on people. And so it follows that people develop a deep sense of guardianship for the place. It is human nature to want to protect it for future generations.”**

—Conservation expert

Stakeholders also saw the scale and challenge of the task the Project has been set.

**“Everyone I’ve talked to supports this. How you’re going to implement it – that’s the tricky bit.”**

—Tourism operator

**“My piece of advice is good luck! It’s an incredibly complex piece of work. There’s going to have to be a fair bit that’s worked through with the governance group at the end of this. I hope you find some champions ... willing to take a bold step as it looks like a win win situation.”**

—Conservation expert

### Stakeholders identified multiple problems and issues with the current state

The quotes below give insight to stakeholder views and examples of the problems that need to be solved.

#### Ineffective and ageing infrastructure

**“For a place with this much rain, there’s a hell of a lot of puddles people have to walk through to get from the bus to the boat terminal. You’d have thought they would have sorted this by now.”**

—Tourism operator

**“It gets very crowded in the boat terminal. It’s horrible - you can’t get to the toilets. It erodes the experience. The terminal is a shocker, there’s green joinery from the early 90s.”**

—Tourism operator

#### Insufficient funding and poor funding tools for investment

**“Currently we are paying good money but we’re not seeing anything coming out of it. Not seeing any long-term investment.”**

—Tourism operator

### Frustrated and slow regulatory processes

**“Governance is the thing we want resolved... It’s so hard to get anything done – for anyone – for DOC too. The National Park Management Plan expired but everything’s based on it. There are so many different government agencies – water management, marine management. It’s so hard.”**

—Piopiotahi Milford Sound community member

### Growing congestion from unmanaged tourism

***“Visitor experience and quality of experience. I think there is a tipping point, and we are extremely close to it.”***

—Professional coach driver

### Environment and indigenous biodiversity being under increasing stress

**“While diving over the years we have seen a gradual decrease in marine life....[We] need better marine protection. Coral spots should have more consideration and protection.”**

—Tourism operator

**“We watched a campervan drive over vegetation and rip a tree out ... to allow three more campervans to park in there. I thought 'this is nuts'.”**

—Te Anau community member

**Piopiotahi Milford Sound has been described as a cultural desert.**

**“It’s alarming to see there is just no representation of Ngāi Tahu in there. Just a tiny caricature of a Māori guy in the terminal.”**

—Tourism operator

## Stakeholder feedback on the preferred option

The following sections summarises key themes from the engagement, in relation to the preferred option.

### Stakeholder feedback relating to giving greater effect to Ngāi Tahu rights and interests and visibility of the cultural narrative

There was consistent support for greater cultural story telling along the journey and in Piopiotahi Milford Sound. Many operators would like to be better supported to incorporate this into their tourism offerings. A lack of understanding or visibility of Ngāi Tahu aspirations for the area has created some unease among operators.

**“I love the idea of having Pou and having all these touchpoints that show who we are.... I see it as a beautiful opportunity to enhance what we have to offer.”**

—Tourism operator

**“There are far more storytelling opportunities. Cultural engagement – we think that’s really missing.”**

—Tourism operator

**“People are scared that they are going to have their place taken away from them but from a Ngāi Tahu perspective they actually have had their place taken away from them.”**

—Tourism operator

### Stakeholder feedback related to investment in conservation, biodiversity, and the marine environment

Many stakeholders talked of the need for investment to address and reduce environmental stress. This is important because overseas and domestic visitors are attracted to Piopiotahi Milford Sound due to its outstanding natural landscapes.

**“The general feedback from clients is that this is the reason why they come to New Zealand. Our untouched environment. If you want to see tunnels through mountains and gondolas going up mountains etc, go to Europe, go to America. It is our point of difference.”**

—Professional coach driver

**“More than half would say the journey is half the experience and Milford is the icing on the top. They learn so much on the journey. The journey is what people are blown away by.”**

—Tourism operator

New Zealanders are proud of, and highly value, Fiordland’s natural environment and believe tourism should not come at a cost to the place.

**“We are a very small country; we cannot do quantity tourism; we have to do quality tourism...We want to save the very thing that people come here for. We need to protect the environment and look after it.”**

—Professional coach driver

Stakeholders who discussed this topic want any funding that is provided for conservation from the IVAC to be additional to existing marine and terrestrial conservation funding (that is, to not replace existing funding).

**“Fiordland has a history of leading the way when it comes to innovative approaches to conservation. It’s only fitting that tourism in this incredibly special place is managed in a similarly innovative manner, that ultimately protects and restores the very values that people travel from around the world to experience.”**

—Conservation expert

Stakeholders feel that the conservation work operators do in Piopiotahi Milford Sound should be acknowledged, and some suggested that conservation approaches and outputs may be more successful if they include tourism operators.

**“Recognise the contribution to conservation that operators make. [You] need to investigate how collaboration can improve outcomes for conservation and visitor experience.”**

—Tourism expert

The conservation and environmental experts we talked to were in no doubt about the need for additional funds to support nature across the area.

**“Undaria is an Asian seaweed and very good at spreading... We are currently working together to contain and ultimately remove Undaria from Fiordland for good. Funding has been the biggest issue for [marine] biosecurity and we really need more funds to run a proper effective control programme.”**

—Conservation expert

**“A levy would resolve many of the issues locally. Bring money for the park, weed out illegal operators. If that levy goes to conservation – you can sell it better, but it must have a lofty purpose.”**

—Tourism operator

Additional targeted funding would be an opportunity to make Fiordland an exemplar on how to support conservation.

**“Make it into a project for what model conservation should look like. Educate tourists – make it a model for Fiordland and the entire country.”**

—Tourism operator

### **Stakeholder feedback related to improving the visitor experience**

Many tourism operators took part in the engagement process – 23% of all engagements were with tourism operators, and many individual operators engaged with us multiple times. As a group, tourism operators have a deep knowledge of what visitors are looking for and what works.

Infrastructure and facilities – general agreement that existing facilities don’t meet the needs of high volumes of visitors.

Operators and sector experts told us that visitors want less and better infrastructure in Piopiotahi Milford Sound (this was also the finding of the Kantar research).

**“I saw a tour driver pull his bus over and let people pee by the road.”**

—Tourism operator

**“The nodes with hard structures Eglinton Reveal, Kiosk Creek, Gertrude Valley, Cleddau walk ... These things have an impact. As soon as you build something, you'll change the natural environment. ... All of these things add maintenance, expenditure and a human footprint.”**

—Professional coach driver

Options for activities – there was mixed reaction to offering more activities.

Piopiotahi Milford Sound locals want more easy access and wet weather activities, while maintaining the natural essence of the place.

A diversity of operators and options for visitors is key for a world class experience. People like the idea of slower more immersive tourism with more activities along the Milford Road.

Weather is seen to be both a blessing and a curse, and a point of difference with global warming.



The growth in cycle tourism is seen as very positive for the region.

There are divergent views on whether government should specify what the experience should be (as is the case for the Milford Track or Denali National Park) or let the market decide. Most stakeholders want to see a mixture of government parameters and market offerings.

**“There is recognition that a visitor who is travelling to a place with a guide is going to behave better.”**

—Tourism expert

**“Fiordland is better when it’s raining, that’s always our story. People like the opportunity to touch nature... In a way that is well managed for safety.”**

—Tourism expert

**“We’ve got the jewel sitting there – we should be able to understand and monitor what the experience is and then enable commercial entities to deliver that.”**

—Recreation expert

#### **Stakeholder feedback related to a new approach to managing access**

Stakeholder engagement covered multiple topics related to managing access. This section shares key engagement themes relating to:

- > road access
- > introduction of an international visitor access charge (IVAC)
- > concession holders, and
- > recognition that visitors arrive by different modes (for example by flying or on cruise ships in addition to buses and cars).

#### **ROAD ACCESS**

Stakeholders consistently identified better management of visitor flow and congestion as one of their highest priorities for improving Piopiotahi Milford Sound.

**“Transport management, flow management — it would be fantastic to blinker the worries. Once they get to Te Anau the relaxation takes over.”**

—Tourism expert

The roads can be dangerous due to congestion, conditions, and driver behaviours.

- > Many self-drivers are unprepared for hazardous alpine road conditions, and many drive at an unsafe speed (either too fast or too slow).

— Signage and information about travel times and road conditions is inadequate creating significant issues on the road from people rushing to catch a scheduled boat departure.

— There are divergent views on whether rental vehicles should be prohibited on the road. Several operators rely on clients (domestic and international) driving rental vehicles. Some feedback suggested that campervans should not be allowed beyond Cascade Creek without a booking at the Milford Sound Lodge.

- > Bus drivers can also cause safety issues on the road and there is a need to ensure consistently high standards across all drivers.

**“We hear the alarm going off, we see those crashed cars coming past. Every time you hear that alarm – it’s all volunteers, business owners being called out and giving up their time... Its unpaid, tough work.”**

—Te Anau community member

**“We are harming people on that road...dangerous driving behaviour is all too common. Excuses include people running late...or are in a hurry to get back to Queenstown.”**

—Southland community member

**“Had a couple of close encounters with bus drivers. Look at bus accidents on the road. It can also be a problem for bus parking. Not enough space.”**

—Piopiotahi Milford Sound community member

Space for self-drivers to park is limited. There is mixed support for reducing parking, it is likely some will always be needed.

**“Doesn’t feel like you’re going to this magical nature place. I guess you can’t change the car parks, but it feels like capitalism. When you get here. You’ve got beautiful landscapes. But then it’s a carpark.”**

—Piopiotahi Milford Sound community member

- > Any parking restrictions will need a system and careful management. Tourism operators told us they do not want to inadvertently end up managing parking for customers.

- > Recreational boat users can take up a significant amount of space, often over multiple days and occasionally in large numbers. Most stakeholders told us this parking should be user pays and require advance booking, with contingency provided for when trips overrun due to unforeseen circumstances such as bad weather.

Stakeholders support alternatives to self-driving, including the original masterplan proposals related to hop-on-hop-off buses and park and ride facilities. They identified the importance of the continuation and extension of a range of transport services.

- > To be attractive to visitors, there needs to be good information about transport operators, and minimal waiting times and transfers for services. Adequate workforce will be needed to support transport service operation and parking.
- > The impact of parking (for all forms of transport) will need to be managed and minimised.

There was strong support for encouraging visitors to start their journey from Te Anau rather than Queenstown. However, many don't believe this is achievable given existing market drivers.

- > There were differing (and strong) views on where transport operators that aren't coming from Queenstown should be located; the majority preferred transport operators to be departing from Te Anau, but there was also support for Knobs Flat/Kiosk Creek.
- > There are mixed views on whether time-poor international visitors would be prepared to give the journey a greater window in their itineraries.

**There's a hell of a lot along the corridor that's not enjoyed because of the approach of delivering a tsunami of visitors from Queenstown to the boat terminal. I counted 70 buses at one time at Knobs Flat toilets... the impact on the road – the safety elements of it!"**

—Te Anau community member

**"The Queenstown-Milford-Queenstown juggernaut is a joke... If you're really looking at a world-class experience, then people shouldn't be traveling from Queenstown – all going for the same boat."**

—Tourism operator

**"You shouldn't assume that the journey from Queenstown isn't valuable to visitors."**

—Tourism expert

**"Do you think those time-poor people are going to want to [have an extended stay]? People from Europe with a week for Australia and five days for NZ?"**

—Tourism expert

Other users also want to continue to access the area - including recreational users, locals, conservationists, and workers.

- > They told us they want to continue to access the places they love on both land and water.
- > Self-driving will continue to be needed for these groups so they can continue to access the area at any time and to avoid drawing others to their access points and activities.

**"As recreational users of Fiordland National Park and surrounds, we need to retain flexibility and open access to the place."**

—Southland resident

**"Our work hours, they're always changing, so you really need flexibility to be able to access the outdoors. We need a flexible system."**

—Piopiotahi Milford Sound community member

## INTRODUCTION OF AN INTERNATIONAL VISITOR ACCESS CHARGE (IVAC)

Stakeholder engagement revealed good support for the introduction of a charge such as an IVAC provided it goes into protecting and enhancing Piopiotahi Milford Sound and Fiordland (rather than national conservation and other infrastructure priorities).

### Stakeholders believe visitors should make a financial contribution

There was consensus that visitors should contribute more to the nature and facilities they enjoy.

- > National park entrance fees were seen as acceptable overseas and that they make sense here, despite our cultural resistance to them.
- > Stakeholders with market knowledge pointed out that many visitors like to know they are contributing to the places they visit. They believed that visitors would accept an IVAC if it goes back to the place, and if it is used to protect natural values.

- almost all stakeholders supported funding being ring-fenced for improvements to the Milford Road Corridor, Piopiotahi Milford Sound, and Fiordland National Park.
- operators offering premium experiences believed that some visitors would be willing to pay a premium levy; operators targeting budget travels and the middle of the market would be concerned if the levy made up more than a third of the offering price.

- > Some operators worry they may have to cover additional costs or that it will decrease visitor spend locally, for example reducing spending on meals out.

**“People will pay. We’ve got a world-class asset on our doorstep... Don’t have to discount, don’t need to make it cheap because that will devalue it.”**

—Te Anau community member

**“We agree that Milford Sound is being sold too cheaply but...be very careful around charging, and the impact it would have on demand, and the displacement impact.”**

—Tourism operator

**“If you charge a levy (which we absolutely support), you’ve got to add value to every step of the visitor experience.”**

—Tourism operator

**“As an international visitor from Canada, I would expect to pay a fee to come here... so long as it goes into the place...if you could see dollar for dollar where it’s going.”**

—Piopiotahi Milford Sound community member

### **Stakeholder feedback on the cost and use of the IVAC**

- > Concerns were raised about the number of related fees visitors will be required to pay. Costs layer up for visitors and can start to impact New Zealand’s brand overseas.
- > It is important that there is consideration of how an IVAC would interact with the International Visitor Conservation and Tourism Levy (IVL).
- > People were keen to see a funding stream that went directly back into Piopiotahi Milford Sound and Fiordland as opposed to the IVL with national and less transparent funding priorities.

- > If the levy is going to be implemented, it should mitigate negative impacts at place, but visitors should not pay an unreasonable bill for New Zealand’s own lack of investment in the place over time.

**“I already pay two government departments every time I put my wheels on the ground in Milford. That gets passed on to my customers. People are only willing to pay so much.”**

—Tourism operator

### **Other feedback on the IVAC**

- > Stakeholders consistently told us that the IVAC should be managed by a neutral entity with clear investment objectives.
- > Most stakeholders support the 7-day access proposal, except for some recreational users who believe this could be too restrictive on international recreationalists and students undertaking multiday and sometimes multi-week expeditions.
- > There is little research into the impacts of tourism in Piopiotahi Milford Sound. If the IVAC is intended to mitigate the impacts of tourism, there should be more research and monitoring to understand impacts over time, and how they can best be mitigated.
- > In general, recreational groups believe their overseas members won’t benefit from the preferred option, therefore their preference was to see funds invested in terrestrial and marine biodiversity initiatives as a priority. Looking after the places in which recreation occurs is a core value for these groups.
- > Tourism levies should be considered and planned collectively with good communications for visitors around where the money goes.

**“There’s kind of a precedent in Rakiura with a levy for every visitor unless you’re a local. It’s got a very clear gate. That money goes into a committee who decides where it goes into.”**

—Piopiotahi Milford Sound community member

### **CONCESSION HOLDERS**

Stakeholder consistently raised frustrations with the current concessions process and the associated challenges of doing business in the area.



The biggest frustrations were around timeframes, out of date concessions and an inability to make long-term decisions or investment due to uncertainty of tenure.

**“First thing to change is concessions – you can’t do anything. No security – do you buy a helicopter, do you buy a bus?”**

—Tourism operator

**“The whole thing is very, very hard. And currently unpoliced... I’ve had a lot of sleepless nights ... Radical change is needed and simple systems.”**

—Tourism operator

**“The current concession framework has many issues and the process needs addressing...”**

**Businesses need to feel supported to be the catalyst for change in this system. Operators also need consistency and reliability to enable investment in the place.”**

—Tourism operator

## **RECOGNITION THAT VISITORS ARRIVE BY DIFFERENT MODES**

### **Feedback on the aerodrome**

The proposal in the Masterplan to remove the Milford Sound aerodrome has been a highly contentious one that has caused stress for operators. We acknowledge and appreciate the willingness of this group to continue to engage in the Project. On balance, from engagement undertaken across all sectors, the majority were either supportive or neutral on the retention of the aerodrome.

- > Some stakeholders believe there is value in keeping the aerodrome because:
  - it diversifies the tourism offering, flights provide memorable and scenic experiences
  - it provides more access options such as for recreational and volunteer groups, and for safety evacuations, and
  - flights can reduce road congestion by getting people off the road.
- > Other stakeholders saw no place for an aerodrome in Milford Sound due to:
  - the noise and disruption for other visitors and recreationists

- its large footprint and division of place (including blocking important cultural sites), and
- it being inappropriate in a wilderness setting.

**“I’m torn regarding the aerodrome. The noise can impact you on walks and it’s quite frustrating when you’re trying to enjoy the peace of the place.”**

—Te Anau community member

**“The flights are a big drawcard to wider New Zealand... and they go and spend money round all the other places that they go.”**

—Tourism operator

Aviators and others told us there is need for investment to bring the aerodrome up to standard, but that it did not need to be a large sum to tidy the place up.

**“We’ve been paying all this time so where’s the money gone. Toilets. Rotting timber railings ...People arrive there – there’s nothing. ...They can’t even sit down – there’s not even a seat. They are getting eaten alive by sandflies.”**

—Tourism operator

Work to mitigate aviation noise was acknowledged.

- > Many aviation operators have already invested and made changes to reduce noise impacts.
- > There was little support for swapping out fixed wing for helicopters which can be more expensive, louder and carry fewer passengers.

**“Noise ...there’s been a big shift – we’re working really hard on that – major investments over the last 10 years. It’s made a real difference.”**

—Tourism operator

### **Stakeholder feedback – cruise ship access**

Engagement did not spend significant time exploring whether to prohibit cruise ships visits to Piopiotahi Milford Sound, but it was a topic raised as part of wider conversations.

On balance, the majority of those who raised the topic felt that big cruise ships were inconsistent with the place, that they put the marine environment at risk, and that they detract from the main visitor experience.

**“Cruise ships pouring out serious amounts of smoke. Just a matter of time before one goes aground – hits a rock. Don’t think they are a fit for Fiordland.”**

—Tourism operator

**“Big cruise ships ... you look out from Deepwater Basin at the smog, and it looks like its 1850s London out there. It’s disgusting to allow them into this pristine place. We know the stuff they burn is nasty – we know it pollutes... How do the locals benefit from it?”**

—Tourism operator

A smaller group were indifferent, and some said they enjoyed seeing them in the fjord.

**“Cruise ships, don’t really have an opinion. It can be quite dramatic to see them in the fjord. Gives you a feel of the scale of the place.”**

—Te Anau community member

Some working in the marine area expressed concern that prohibiting cruise ships could impact their funding.

The cruise industry engaged with the Project and made the following points:

- > Fiordland is an important destination for cruise visitors visiting the South Island
- > Te Anau and Piopiotahi Milford Sound get no direct benefits from the cruise industry, but there are monetary benefits for wider New Zealand, and
- > the industry is working to reduce its environmental impact; the Cruise 2050 zero target is operational carbon only, not embodied; the industry is starting to consider the embodied footprint, in both the construction and recycling of vessels.

#### **Stakeholder feedback related to major improvements to facilities for visitors**

##### **Te Anau Gateway**

There was widespread support for a visitor facility or gateway in Te Anau with activities for visitors to understand the area’s history, geography and natural environment.

**“There’s scope for a really interesting interpretive centre in Te Anau ... Well-located and easily accessed. Could be the makings of this place.”**

—Te Anau community member

Discussions considered a range of functions for this facility from a park and ride terminal, to a museum or a hub with wet weather activities (such as 10-pin bowling).

**“We need a museum. People talk about it all the time – where’s our story? We don’t know our own history. We don’t know our Māori history.”**

—Te Anau community member

**“I love your idea of the wet weather experience where there is stuff on the history – culture. That connection is what those FIT people are wanting. Personal connections.”**

—Te Anau community member

Te Anau locals are clear, there is room for carefully planned growth, but they do not want to become the next Queenstown.

**Te Anau is home. We don’t want it to become too big. We need to protect the peaceful nature of the place. ... There’s a real sense of peace here. You can breathe. ... We’ve got all the beauty and scenery – if you are having a chaotic day you can go to the lakefront.”**

—Te Anau community member

- > The location and planning of the hub is key in ensuring it enhances (rather than diminishes) the town centre.
- > We must be mindful of downstream impacts from our work to locals – including changing the character of Te Anau or Piopiotahi Milford Sound and avoiding financial implications for ratepayers.
- > More accommodation is required in Te Anau needing long-term planning and a phased approach.
- > Local preference is, at least initially, to focus on extending the visitor season into winter rather than hosting more people at peak times. They see that a visitor facility could support this.

**“Te Anau has always suffered from a lack of winter activity. Anything you do in terms of Te Anau becoming a hub will get a lot of support and attract investment. It would assist local businesses, schools, medical centre and the wider community significantly**

—Te Anau community member

##### **Piopiotahi Milford Sound Visitor Centre**

Milford Sound residents and operators see a need for better-planned and improved visitor

facilities in Piopiotahi Milford Sound but it's important to maintain the natural essence of the place:

**“This is the jewel in the crown of NZ Tourism – the whole place needs a birthday!”**

—Piopiotahi Milford Sound community member

- > Most stakeholders assert existing infrastructure is insufficient and not aligned with a world-class destination. Wet weather options would improve the visitor experience.

**“You are in one of the wettest places in the world but [there's]...nowhere out of the rain...You've got elderly, you've got families.”**

—Piopiotahi Milford Sound community member

#### **Stakeholder feedback related to enhancements to the Village**

The Piopiotahi Milford Sound community values its tight-knit village atmosphere and sense of belonging. They appreciate and support the need to address complex, deep-seated challenges in Piopiotahi Milford Sound but they are concerned about any impacts on their way of life and the place itself resulting from this work

**“The big worry for me is that this place is my home. I don't want to lose my home...the place where I live and also the things I go and do.”**

—Piopiotahi Milford Sound community member

Changes to staff accommodation is an important issue for residents:

- > residents oppose a large staff accommodation block, emphasising its infeasibility
- > separation between tourist accommodation and residential areas is crucial

**“We just want to have our own places. We don't want to be near the customers, we've spent the day with them.”**

—Piopiotahi Milford Sound community member

workers prefer bespoke staff accommodation options that suit the range of workers' preferences and life stages

- > natural hazard risks are generally understood and accepted, given the unique environment
- > workers are often drawn to their jobs through the appeal of living amongst Milford's wild natural beauty

- > social facilities, including multi-use communal spaces, are desired for residents, and
- > residents want conservation efforts to be prioritised over unnecessary construction and new structures.

Residents want to continue to have their voices heard in decisions affecting the village.

#### **Stakeholder feedback related to a reset of the strategic vision and management**

This topic was only explored with stakeholders towards the end of the engagement however most engagement conversations touched on it. Many stakeholders felt management was the most important and first thing to address to achieve the wider changes needed.

**“Milford has lacked a managing authority – that's the ingredient that's been missing... Those...companies are not on this earth to manage assets – they're here to run tourism activities...The tourism providers have done their best within limitations.”**

—Te Anau community member

Problems raised with the existing model included:

- > complexity creating significant challenges to achieving any positive change for the place or to run a business
- > the different managing authorities and legislation operate in silos with roading, terrestrial, marine and visitor management not considered as a whole
- > concessions and the National Park Management Plan are out of date and not seen to be fit for purpose; this results in a lack of security that prevents operators from investing in the place or their businesses
- > an unfair playing field due to tourism operators also taking on management responsibilities
- > lack of investment reported across the board and little understanding of the cost of running the place and how the money is being reinvested.

**“At the moment you've got too many chiefs and overlap. Need to provide clarity and manage conflicts of interest.”**

—Te Anau community member



**“I’ve seen a real hotchpotch in terms of managing all the assets – sewerage, water supply, power, toilets at Knobs flat. It’s really lacked an overarching well-coordinated team.”**

—Te Anau community member

**“Management of the place must change – Ngāi Tahu is effectively unable to restore a meaningful connection to place under the current concessions system.”**

—Tourism expert

**“Issues with governance include a perceived monopoly. Some may feel disenfranchised. Providing clarity for operators is also important. Clarity on the process for consents etc.”**

—Te Anau community member

Stakeholders had ideas to improve management including:

- > providing 30-year concessions and keeping the status quo
- > a Council-Controlled Trading Association
- > the Whenua Hou Committee model
- > a Fiordland Marine Guardians model
- > a board of directors, and
- > creating a new government entity

**“You need both knowledge and impartiality for governance... [with] a clear constitution and established objectives for the place. It would need enough grant and money to achieve its objectives.”**

—Te Anau community member

Most stakeholders want a neutral entity with representation from local and national government, Ngāi Tahu, operators and community. It should have a clear mandate and objectives particularly around upholding and investing in the place to benefit people and nature over the long-term.

There are some strong voices for the importance of upholding the governance role of conservation organisations, acknowledging Ngāi Tahu’s role, and ensuring the needs of the place come before the needs of business.

People also acknowledge the important role of the businesses within Piopiotahi Milford Sound. Stakeholders want to see business knowledge, experience and skillsets within any governance model.

**“All the private companies...how are you going to deal with their ownership of this place as well? They’ve been here a long time, they may lease stuff, but they are synonymous with here.”**

—Piopiotahi Milford Sound community member

There was a consistent call for a more flexible and future-proofed system that could respond and adapt to change over time.

**“Milford needs to be removed from bureaucracy to be fluid and react to the problems that are creeping up.”**

—Professional coach driver

## The value of engagement

### Stakeholders valued the engagement process and wanted to contribute

Stakeholders appreciated the chance to give input to the Project and showed a deep interest in the development of options. Stakeholders valued the Project’s commitment to engagement and the relationships that were built through a consistent Engagement and Communication Team. Stakeholders frequently told us that it was important to involve people in decisions that impact them.

**“We do not want outsiders doing this to us, we want to be included.”**

—Te Anau community member

The Engagement and Communication Team proactively shared key themes as they emerged:

- > with officials to ensure stakeholder sentiment and context informed the development of options, and
- > with the community and engagement stakeholders through a newsletter and on the Project website, which built trust and sparked further interest in the Project.

**“Engagement and Comms ... is helping us understand. It's been well documented in good depth... Seeing the feeling - some positive, some negative, some neutral... It's all there... you guys did a very good job.”**

*—Tourism operator*

**“We have appreciated the respectful dialogue with the Project team. It is clear that they have heard us, and it is satisfying to feel like our experiences have helped to shape the final proposal.”**

*—Conservation expert*



# About the engagement process

Engagement was led by the Project's Engagement and Communication Team. A multi-pronged approach was designed to reach as many people and groups as possible through targeted invitations, advertising and promotion locally and nationally, and through online feedback options.

Engagement covered multiple topics, depending on the stakeholder's interests and the progress of the Project. While some topics were covered by most engagements (such as the case for change and managing visitor access), other topics were of more relevance to specialist groups, or only confirmed as a component of the preferred option towards the end of the

engagement period (for example, having two visitor centres).

In addition to the engagement led by the Engagement and Communication Team, officials working on options for the Business Case sought expert subject matter input to inform specific technical or specialist information needs.

Note that the Project has been conducted in partnership with mana whenua in line with responsibilities under Treaty settlement legislation and consistent with application of the principles of the Treaty of Waitangi. As such, their voice was included separately to the engagement process.

## Engagement was comprehensive and thorough

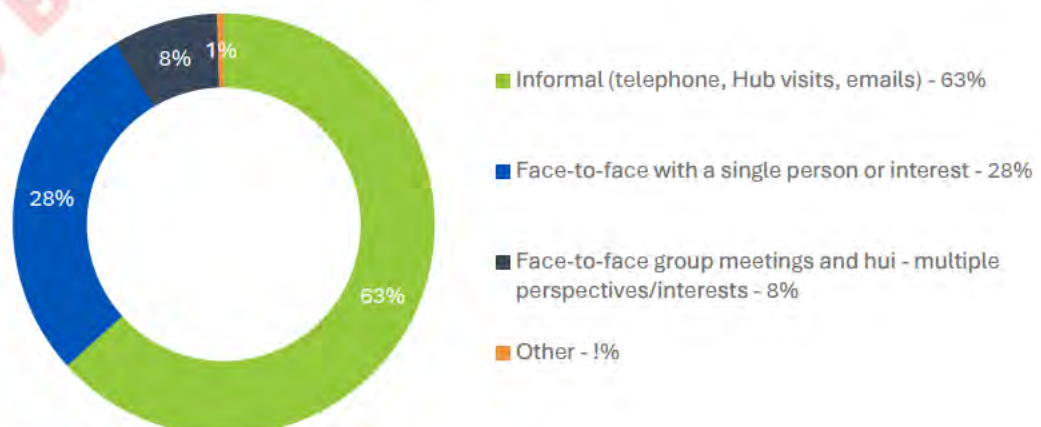
A total of 609 engagements were recorded between November 2022 and 13 June 2024.

The team offered multiple ways to engage.

- > the greatest number of engagements (63%) were 'informal' – informal engagements included 381 telephone calls, visits to the Project Hub, and emails

- > 28% of engagements were face-to-face meetings or hui with a single person or interest group – there were 172 of these individual meetings, and
- > 8% of engagements were group meetings or hui – there were 49 group meetings. Meeting size and purpose varied, in some cases meetings were held with representatives with a common interest (such as conservation groups), in other cases community meetings were held, attracting a range of local interests and perspectives.

Figure 1: Main methods of engagement





## Diverse stakeholders engaged with the Project

The Figure below shows the different types of stakeholders who engaged, and the proportion of engagements that were held with the different groups.

- > A strength of the engagement process was the ability for stakeholders to engage repeatedly –

many people and groups continued to provide input overtime. This had the added benefit of enabling the team to share information about the Project's development back to stakeholders as it became available.

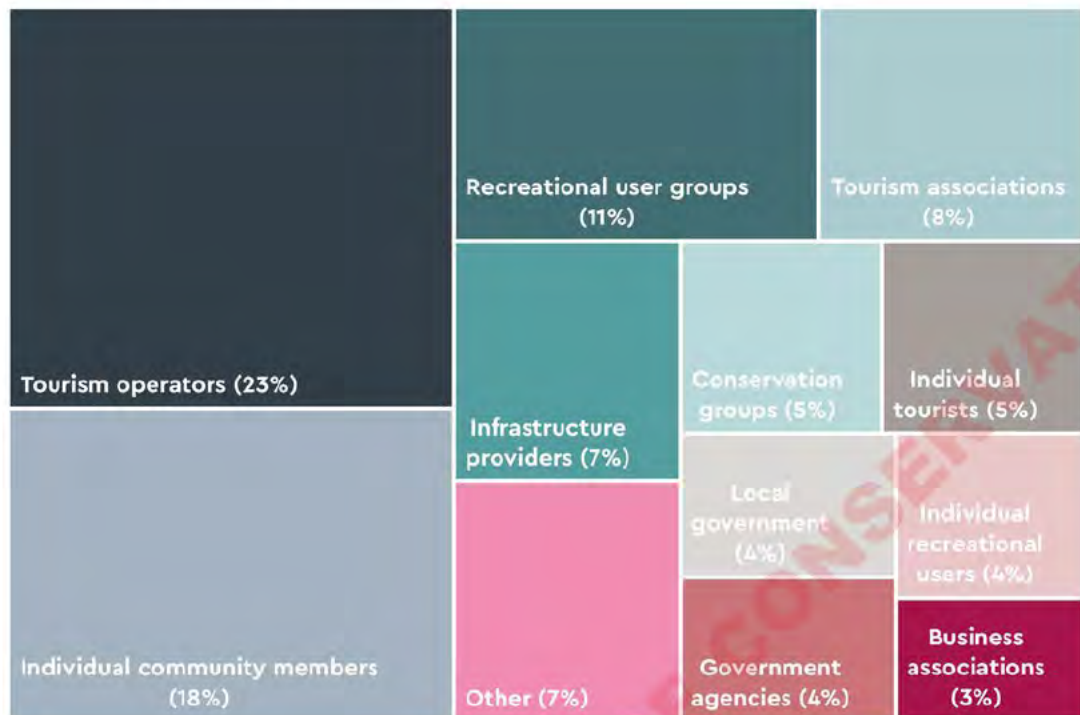
- > Note that many stakeholders also attended group meetings and hui, where individual attendee names were not captured.

**Table 7 Main groups engaged**

Category	Proportion of all engagements	Highest number of engagements *
<b>Tourism operators</b> Tourism operators included accommodation, aviation, cruise, recreation, and road and transport operators	23%	<ul style="list-style-type: none"> <li>&gt; Air Milford, 9 times</li> <li>&gt; Glenorchy Air, 8 times</li> <li>&gt; Rosco Kayaks, 6 times</li> </ul>
<b>Community members</b>	18%	<ul style="list-style-type: none"> <li>&gt; Group meetings or hui open to the community, 7</li> </ul>
<b>Recreational user groups</b>	11%	<ul style="list-style-type: none"> <li>&gt; Federated Mountain Clubs, 23 times</li> <li>&gt; the New Zealand Alpine Club, 18 times</li> <li>&gt; Fish and Game, 8 times</li> <li>&gt; New Zealand Deerstalkers Association, 7 times</li> </ul>
<b>Tourism associations</b>	8%	<ul style="list-style-type: none"> <li>&gt; Great South, 13 times</li> <li>&gt; New Zealand Cruise, 11 times</li> <li>&gt; Tourism Industry Aotearoa, 6 times</li> <li>&gt; Tourism Export Council, 6 times</li> </ul>
<b>Infrastructure concession holders</b>	11%	<ul style="list-style-type: none"> <li>&gt; Milford Sound Tourism Ltd, 33 times</li> </ul>
<b>Conservation groups</b>	5%	<ul style="list-style-type: none"> <li>&gt; Fiordland Marine Guardians, 14 times</li> <li>&gt; Southland Conservation Board, 9 times</li> </ul>
<b>Local government – community voice</b>	4%	<ul style="list-style-type: none"> <li>&gt; Fiordland Community Board, 10 times</li> </ul>
<b>Business associations</b>	3%	<ul style="list-style-type: none"> <li>&gt; Fiordland Business Association, 7 times</li> </ul>

\* Note this column captures groups with six or more recorded engagements; in addition, many groups also attended meetings and hui where individual attendee names were not captured.

Figure 2: Main groups engage





## Appendix 2.2: List of technical documents and supporting evidence base

The following technical reports, commissioned independently by the Milford Opportunities

Programme Unit, informed the development of this business case.

#	Report title	Report author	Date / Version
1	Ngāi Tahu Cultural Heritage Assessment, Te Rua O Te Moko	Kauati Consultants Ailsa Cain and Jason Harman	9 June 2024
2	World Heritage Impact Assessment of Milford Opportunities Project Proposals	Boffa Miskell Yvonne Pluger Scott Hoosen Deborah Rowe	13 June 2024
3	Milford Sound Piopiotahi Heliport Feasibility Assessment	WSP Vairavan Ganesh Lakshman Attanayake Paul Durham George Van Hout	13 May 2024
4	Milford Opportunities Stage 3 Landscape Feasibility Advice	Boffa Miskell Hannah Wilson Yvonne Pfluger	28 March 2024
5	Criticality of Milford Sound Piopiotahi Fixed Win Aerodrome for Emergency Response Operations	Holdfast Projects Jono Meldrum	April 2024
6	Low - Zero Transport Carbon Emission Feasibility Study	Stantec Robyn Schwynn	June 2024
7	Alternative Energy Supply Options	Stantec Phelia Klopper	May 2024
8	Additional Hydropower Potential	Stantec Phelia Klopper	May 2024
9	Energy Assessment Recommendations	Stantec Phelia Klopper	May 2024
10	Existing Hydropower Potential	Stantec Phelia Klopper	May 2024
11	Infrastructure Energy Demand	Stantec Phelia Klopper	May 2024
12	Three Waters Infrastructure Condition and Future State Assessments	WSP M de Lange, A Springer, B Plummer	17 June 2024
13	Vertical Infrastructure	WSP	10 June 2024



#	Report title	Report author	Date / Version
	Design Considerations and Feasibility	Ian Sutherland	
14	Milford Sound Piopiotahi Park and Ride Design Report Feasibility Study	Beca Danielle Goodall Jacob Marsh	14 May 2024
15	Impact Assessment Te Anau Downs to Cascade Creek Trail	Angus & Associates Cristine Angus	29 November 2023
16	Impact Assessment Te Anau Downs to Cascade Creek Trail Addendum	Angus & Associates Cristine Angus	18 June 2024
17	Walking & Cycling Experiences Report	Southern Land Tim Dennis	22 April 2024
18	Walking & Cycling Experiences Report Cost Estimate Workings	Southern Land Tim Dennis	22 April 2024
19	Critical Structures for Walking and Cycling Construction Feasibility	WSP Ian Sutherland	3 April 2024
20	Transport and Permit System Technology to Manage Access to Milford Sound	Resolve Group Kirill Yushenko Mark Walker	15 May 2024
21	RMA Statutory Assessment	WSP Sarah Hamilton	6 June 2024
22	RMA Statutory Assessment Likelihood Matrix	WSP Sarah Hamilton	6 June 2024
23	Natural Hazard Assessment Part A - Preliminary Screening Analysis	WSP Harley Porter	26 March 2024
24	Natural Hazard Assessment Part B - Basic Risk Assessment	WSP Harley Porter	11 June 2024
25	Natural Hazard Assessment Part B - Basic Risk Assessment Supplementary Memo Report	WSP Harley Porter Rob Bond Tim McMorran	26 June 2024
26	High Level HAIL Assessment of Nodes MOP	WSP Tara Verhulst Lisa Bond	13 May 2024
27	Te Huakaue Knobs Flat Preliminary Site Investigation	WSP Tara Verhulst	24 April 2024
28	Contaminated Sites Assessment	WSP Tara Verhulst	13 May 2024
29	Preliminary Assessment of Environmental Effects	Dr Jaz Morris Dr Tommaso Alestra	2 May 2024

#	Report title	Report author	Date / Version
		Cara-Lisa Schloots Jessica Schofield Kate Hornblow Mapihi Martin-Paul	
30	Carbon Assessment	WSP Claire Lacina Zara Balador Anna Guise	17 April 2024
31	Carbon Assessment Appendix B	WSP Claire Lacina Zara Balador Anna Guise	17 April 2024
32	Carbon Assessment Appendix H	WSP Claire Lacina Zara Balador Anna Guise	17 April 2024
33	Preliminary Climate Change Risk Assessment	WSP Javier Aylwin	17 April 2024
34	Preliminary Climate Change Risk Assessment Appendix A	WSP Javier Aylwin	17 April 2024
35	Geotechnical Feasibility	WSP Brad Thompson	24 April 2024
36	Transport & Infrastructure Stream – Engineering Feasibility Assessment (Stage 3) Stage 2 Review of Cost Estimates	WSP Callum Feely	19 June 2024
37	Engineering Feasibility Report	WSP Rehan Mehta	26 June 2024
38	Memorandum - Milford Opportunities Project – WSP Estimate Summary Spreadsheet	Alta Tim Lancaster	17 June 2024
39	Indicative Statutory Planning Assessment Report – Management Planning, Department of Conservation	DOC	10 June 2024
40	Milford Aerodrome Pavement Assessment	Stantec Shane Bishop	May 2022
41	MOP Aviation & Data Analysis	Visitor Solutions Ltd, Fresh Info, and Deloitte Craig Jones Kyle Callow Shane Vuletich Gordon Cessford	9 June 2022
42	MOP Aviation Opportunity & Financial Analysis	Visitor Solutions Ltd, Fresh Info, and Deloitte	9 June 2022



#	Report title	Report author	Date / Version
		Craig Jones Kyle Callow Shane Vuletich Gordon Cessford	
43	Origin Report	Origin Consultants, Jeremy Moyle	February 2024
44	Piopiotahi Milford Sound Tourism Projection Scenarios Methodology Report	Infometrics Nick Brunsdon Sabrina Swerdloff	June 2024
45	Memorandum – Milford Opportunities Project – Southland Land Review	Alta Henry Willis	30 May 2024
46	Memorandum – Milford Opportunities Project – Beca Estimate Review	Alta Tim Lancaster	24 May 2024
47	Memorandum – Milford Opportunities Project – Te Anau to Piopiotahi Electrical Supply Estimate	Alta Tim Lancaster	May 2024
48	Memorandum – Milford Opportunities Project – WSP Cost Review	Alta Tim Lancaster	16 June 2024
49	MOP – Commercial Financial Model Review	Mafic Partners Limited Campbell Will	13 June 2024



## Appendix 2.3: List of threatened, endemic and nationally significant species in Piopiotahi Milford Sound

### STATUS KEY:



At Risk—Recovering












Threatened—Nationally Critical













Threatened—Nationally Vulnerable






Threatened—Nationally Endangered

Species	Status	Location within Piopiotahi Milford Sound
<b>BIRDS</b>		
<b>Australasian bittern</b>	 Threatened—Nationally Critical	Supported by the bog and fen wetlands in the Te Anau Basin.
<b>Haast Tokoeka</b>	 Threatened—Nationally Critical	The predator free Centre Island near Pleasant Bay and Bute Island in Middle Fiord are managed as a creche site for captive-reared juvenile tokoeka.
<b>Kea</b>	 Threatened—Nationally Endangered	May utilise terrestrial forest habitats near or in the Milford Village and Lodge area. Also seen in the Arthur Valley. Also seen at the Murchison Mountains, Eglington and Upper and Lower Hollyford Valley (including around car at the Homer Tunnel).
<b>Southern Rock Wren</b>	 Threatened—Nationally Endangered	Seen in the alpine zone of the Piopiotahi Milford Sound Catchment, as well as in the Eglington. The Upper Hollyford Valley is a stronghold for these birds, and they are also found in the Lower Hollyford Valley. <b>Piopiotahi Milford Sound supports a nationally important population of southern rock wren.</b>
<b>Black-fronted Tern</b>	 Threatened—Nationally Vulnerable	Found in open areas and by the Te Anau lake shore and Eglington.
<b>Mohua</b>	 Threatened—Nationally Vulnerable	Found in the Sinbad Gully in the Piopiotahi Milford Sound Catchment and Eglington. The population is extremely vulnerable to predation.
<b>Northern Fiordland Tokoeka</b>	 Threatened—Nationally Vulnerable	May utilise terrestrial forest habitats near or in the Milford Sound Village and Lodge area. Also seen at the Cleddau catchment, Arthur Valley and Sinbad Gully.
<b>South Island Kākā</b>	 Threatened—Nationally Vulnerable	May utilise terrestrial forest habitats near or in the Milford Sound Village and Lodge area. Also seen at the Cleddau catchment, Arthur Valley and Sinbad Gully. Also found in the Murchison Mountains, which is a restricted access areas managed intensively for mammalian pests and in the Eglington and Lower Hollyford Valley.
<b>Southern Falcon</b>	 Threatened—Nationally Vulnerable	Found in the Sinbad Gully in the Piopiotahi Milford Sound Catchment and Eglington.



Species	Status	Location within Piopiotahi Milford Sound
Takahe	 Threatened—Nationally Vulnerable	Found in the Murchison Mountains, which is a restricted access areas managed intensively for mammalian pests.
Tawaki Fiordland Crested Penguin	 Threatened—Nationally Vulnerable	Has a breeding population at Harrison Cove. In 2017, estimates suggested around 150 pairs of Tawaki present at several breeding sites. <b>Piopiotahi Milford Sound is a particularly important study site for tawaki</b> and there is currently an automated monitoring system run by the New Zealand Penguin Initiative. They are also found in Anita Bay.
Whio	 Threatened—Nationally Vulnerable	<b>Piopiotahi Milford Sound supports a nationally important population of whio.</b> They are present in the fast flowing rivers and tributaries of the catchment, Anita Bay, Bowen Valley, as well as the Arthur and Jones Rivers and Sinbad Gully. The catchment is part of the Northern Fiordland's 'security-site' for long-term management of the species. A recovery site for six adult birds was recently recorded in the Upper Hollyford Valley above Falls Creek and Lower Hollyford Valley in 2020.
<b>Bats and lizards</b>		
Awakopaka skink	 Threatened—Nationally Critical	Is known only from a handful of observations near the Tunnel—considered data deficient and <b>is endemic to Piopiotahi Milford Sound</b> . It is only known from a small number of skins and little is known about it.
Long-tailed bat	 Threatened—Nationally Critical	Not known to be found the Cleddau but may be present, particularly in the hollows of the large beech trees. Also found in the Ettrick and Snag Burn area of the Murchison Mountains and Eglinton. <b>Eglinton Valley is home to one of the largest and best studied populations of the critically endangered long-tailed bats in the South Island.</b>
Barrier skink	 Threatened—Nationally Endangered	recorded at alpine regions in the Piopiotahi Milford Sound catchment and the Upper Hollyford Valley.
Sinbad skink	 Threatened—Nationally Endangered	Locally <b>endemic</b> specific that occupies that cliff area at the head of the Sinbad Gully.
Short-tailed bat	 At Risk—Recovering	Found in the Ettrick and Snag Burn area of the Murchison Mountains and Eglinton. Piopiotahi Milford Sound supports a nationally important population of short-tailed bat.
<b>Insects</b>		
<i>Lycaena</i> <i>lathina</i> Milford Boulder Butterfly	 Threatened—Nationally Critical	<b>Endemic to Piopiotahi Milford Sound</b> , which has been found in just two places: the forest edges of Little Tahiti and on roadside and open areas at Deepwater Basin Road. This species is entirely dependent on open areas that support its host plant, creeping pohuehue.
Siga homerensis grasshopper	 Threatened—Nationally Critical	<b>Endemic to Piopiotahi Milford Sound</b> and only found near the Homer Tunnel.
<b>Marine mammals and freshwater fish</b>		

Species	Status	Location within Piopiotahi Milford Sound
<b>Bottlenose Dolphin</b>	 Threatened—Nationally Endangered	Common throughout the inner fiord near rocky outcrops.
<b>Gollum galaxias</b>	 Threatened—Nationally Vulnerable	Found in the Eglinton's freshwater areas. It is a non-migratory whitebait.
<b>Lamprey</b>	 Threatened—Nationally Vulnerable	Found in the Hollyford River above Lake McKerrow, but these records are many decades old.

Source: Boffa Miskell, 2021



## Appendix 2.4: List of conservation activities in Fiordland National Park and surrounding areas

The initiatives below represent the conservation activities undertaken by DOC and other entities, including Crown, private sector and philanthropic sources, with funding provided from a mix of sources.

Activity	Purpose/description	Lead	Indicative spend	Future opportunities
<b>Fiordland Islands Programme (one-off costs)</b>	<p>The Fiordland Islands Programme seeks to create and maintain refugia for Threatened—Nationally Critical species. Refugia in this sense refers to one or more locations that support an isolated or relict population of a once more widespread species.</p> <p>DOC considers 20 islands as priorities for conservation. Seven of these are currently under active management but as funding allows, further work is envisioned.</p>	DOC	Approx \$250,000	Fun predator/pest control and re oration of all priority islands including the provision of monitoring and biosecurity measures to prevent reinvasion.
<b>Eglinton River valley (mixture of annual and 3-5 year rotation)</b>	<p>The Eglinton River valley is the site of one of DOC's most significant and long-term research programmes. The research programme has the dual purpose of improving knowledge and understanding of key threatened species and refining DOC's predator control work for maximum impact.</p> <p>DOC has been undertaking large-scale predator control in the Eglinton valley for the past 30 years. This includes extensive trapping, use of ground-based toxins and aerial 1080 operations when rodent numbers spike after beech mast (seeding) events.</p>	DOC	Approx. \$1 million	<p>As the climate continues to change, the frequency of mass flowering and fruiting events may change, and rodent survival during winter may increase due to warmer conditions, which will require increased attention.</p> <p>Weed control is currently out of scope.</p>
<b>Hollyford River valley (every 3-5 years)</b>	<p>The upper Hollyford valley is an important area for a pine invertebrates, the awakopaka skink, whio, blue duck, rockwren, kea, and a range of small forest birds. It is also an important place for Ngāi Tahu—in both a traditional and contemporary perspective.</p> <p>The valley is part of the DOC's National Predator Control Programme and is subject to aerial 1080 operations on a 3-to-5-year rotation at a cost of approximately \$1.8 million to protect 45,000 ha. Ongoing and standard ground-based trapping ensures introduced predator numbers are kept as low as possible.</p>	DOC	Approx \$800,000	<p>A significant gap exists in the lower Hollyford catchment. Filling this gap is a key future priority.</p> <p>In the future it is hoped that kea and whio monitoring, weed control, and research into mouse population dynamics (expected to increase under a warming climate) might be possible.</p>
<b>Routeburn Track and adjacent</b>	The Routeburn Predator Control Project has been established to protect wildlife for the enjoyment of walkers and connect a range of uninterrupted and	DOC	Approx \$500,00 (\$200,000)	Takahē were re-introduced to the Greenstone in 2023, and feasibility work is ongoing to reintroduce birds



Activity	Purpose/description	Lead	Indicative spend	Future opportunities
valleys (annual)	connected ecosystems. It also benefits the takahē recovery programme by buffering two adjacent valley systems—the Greenstone and Rees River valleys.		from donations)	into the Rees Valley in 2025, subject to funding and sustained predator control. Both of these areas are well-suited to increased activities that would yield positive outcomes for indigenous biodiversity.
Cleddau River valley predator cost	The Cleddau River catchment drains from the Homer Tunnel into Piopiotahi Milford Sound and is unique in that it is one of Fiordland's very few deer-free valleys. DOC runs predator-control operations with the support of community groups. DOC also runs ongoing monitoring of whio, rock wren/piwauwau and tokoeka (a rare species of kiwi).	DOC	Approx \$1.4m	Further opportunities to eradicate predators and reintroduce kākāpō, and continue to rebuild whio, piwauwau and kiwi population
Sinbad Gulley	Sinbad Gulley is a stunning isolated valley at the base of Rahotu Mitre Peak. It is surrounded by vertical mountain faces, and its catchment enters into Piopiotahi Milford Sound. Its isolation and absence of a permanent deer population are likely reasons why it was the last stronghold of kākāpō in the wild, with the few remaining male birds removed as late as the 1970s.	DOC	\$40,000 sponsored by local operator	Sinbad Gulley's isolation and geograph gives it the potential to be a predator-free sanctuary for the area's rare and threatened species. Achieving predator-free status would enable the reintroduction of kākāpō to the area.
Clinton and Arthur river valleys (every 3-5 years)	Clinton and Arthur valleys form part of the Milford Track on each side of the Mackinnon pass. The Milford Track is New Zealand's most well-known Great Walk. Clinton and Arthur valleys are subject to ecosystem health monitoring and predator control. However climate change is putting pressure on conservation efforts, including an expected increase in the number of mic	DOC	\$1.4m	Increase predator control, ecological restoration and threatened species work to recreate "New Zealand as it was", and educate and inspire walkers; and maintain the Milford Track's brand as the premier Great Walk.
Murchison Mountains (annual)	The Murchison Mountains are home to the last remaining naturally occurring population of takahē. They're also home to a range of other threatened species, including long and short-tailed bats, whio, kea, rock wren and northern Fiordland tokoeka.	DOC	\$300,000	Budgets have reduced over the last 10 years, and threatens the ongoing operations of one of New Zealand's largest, remotest, and longest running predator control networks.
Waitutu Forest	Waitutu is ecologically important for its continuous sequence of ecosystems from mixed lowland coastal forest through to alpine tops. It is a good example of the benefit of sustained predator control over many years, with substantial populations of kākā, robins and mistletoe.	DOC	\$2m	Ecosystem health monitoring has been reduced over the last decade, and mistletoe monitoring is no longer funded.  There is an opportunity to fund long-term, comprehensive threatened species monitoring to safeguard and further restore one of the most important conservation sites in New Zealand
Kepler Mountains (not currently funded)	The Kepler Mountains are refuge for many endangered species, and present educational opportunities from the Great Walk. Natural boundaries from lakes Manapouri and Te Anau limit pest invasion. Despite the extensive biodiversity in the area, the site falls just short of the criteria for the National Predator Control Programme, and only has small-scale predator trapping from local community groups.	DOC	\$800,000	There is an opportunity to turn the Kepler Track into a kea conservation showcase working with the Kea Conservation Trust. This extends to community of DOC-led landscape-scale predator control and threatened species monitoring.



Activity	Purpose/description	Lead	Indicative spend	Future opportunities
<b>Southern Fiordland tokoeka kiwi project (5 to 10 year programme)</b>	The southern Fiordland tokoeka are at serious risk of extinction if no predator control occurs. Two of three sites are currently funded by DOC's National Predator Control Programme, with 1080 aerial operations.	DOC	\$7.7m across 4 potential sites	Funding for landscape scale predator control and threatened species monitoring across the highly significant sites in Fiordland National Park to protect southern Fiordland tokoeka, with wider benefits to long-tailed bats, mohua, kea and rock wren.
<b>Marine monitoring</b>	Monitoring is critical to maintaining the ecological integrity of the Te Moana of Tatawhenua/Te Moana of Tatawhenua/Fiordland Marine Area, and includes:  social monitoring, to understand people's perception of the FMA;  long-term monitoring of various sites throughout the fiords to assess fish abundance and diversity  Rock lobster monitoring at the Gut and Piopiotahi Marine Reserves  Deep reef monitoring		\$80,000	Opportunities to support a comprehensive and ongoing marine monitoring approach across key species and areas to inform scientific research, conservation approaches, and anticipate risks.
<b>Marine biodiversity</b>	DOC, ES and MPI have a joint agency agreement to deal with pest incursions that establish in the Te Moana of Tatawhenua/Fiordland Marine Area, including <i>Undaria</i> , which is currently contained to Breaksea and Dusky sounds.	ES, MPI, DO	\$200,000	More funds would enable an effective control surveillance programme, to help prevent pests from entering the region, and eradication and containment efforts.
<b>Marine mammal protection</b>	Fiordland is a marine mammal hotspot, and strategically important for many species. Ongoing efforts to protect marine mammals using Fiordland waters include monitoring, compliance and advocacy initiatives.	DOC	\$45,000	Additional funding could support increase protections for and understanding of marine mammal species in Fiordland, including monitoring, and operator and visitor education and compliance.



## Appendix 2.5: Summary of concessions arrangements

Area	Concessions arrangements
Freshwater Basin	Wharf, visitor center/terminal owned and operated by MSTL. Carpark operated by MSTL. Facilities sublicensed to cruise operators. Approximately six operators undertake day trip cruises.
Visitor village	Single lease held by Tourism Milford Ltd for offices and sales center, Mitre Peak lodge, petrol pump, café, information facilities and public toilets. Carparks operated by MSTL.
Deepwater basin	DOC owns wharf with Fiordland Lobster Company holding head lease and administering use. Used for commercial fishing, kayaking and scuba diving.
Staff accommodation	12 staff accommodation concessions held by 11 concessionaires primarily located in the Cleddau Delta.
Infrastructure	MSTL owns and operates three waters, toilets, walkways, information structures, rubbish and recycling. Services recovered through operator levies. Milford Power Holdings (common shareholding with MSTL), operates hydro power scheme and fuel facilities.
Corridor	Milford Lodge visitor accommodation and café/restaurant located before entrance to Piopiotahi Milford Sound, and accommodation/retail facility at Te Huakaue/Knobs Flat operated by Eglinton Experiences Ltd.
Bus and coach	Single concession held by Bus and Coach Association with use by members of the Association, with 4 other concessionaires.
Guiding	65 concessions across walking, hiking, and other guiding activities.
Aerodrome	4 landing/take off concessions, and other miscellaneous concessions for control tower, storage and fuel.
Structures	Approximately 26 structures concessions including offices at Deepwater Basin, commercial storage facilities, fuel tank, weather station, communications hut and emergency response.
Miscellaneous	Approximately 53 concessions comprising telecommunications, berthing and boat transport, photography, and various easements/right of ways, and research related permissions.



## Appendix 2.6: Comparison of fees paid at other national parks and UNESCO heritage sites

Place		Entrance fee: international	Entrance fee: Preferential visitors	Key features of the entrance fee	Activities within the Park
<b>Victoria Falls Mosi-oa-Tunya</b> is one of the world's largest waterfalls on the Zambesi River in southern Africa. It is located in the Victoria Falls (Zimbabwe) and Mosi-oa-Tunya National Parks (Zambia). The Falls has approximately <b>1 million visitors per year</b> .	<b>\$50 USD</b> (\$83 NZD) for international visitors via Zimbabwe.	<b>\$30 USD</b> (\$50 NZD) for Southern African Development Community visitors via Zimbabwe.  <b>\$7 USD</b> (\$11 NZD) for Zimbabweans via Zimbabwe.	The difference in price may be related to the percentage of the Falls visible from each country. 75% of the Falls are viewable from Zimbabwe, compared to 25% from Zambia.	<ul style="list-style-type: none"><li>&gt; Bungee jumping, abseiling, gorge swinging, zip lining</li><li>&gt; White water rafting</li><li>&gt; Scenic helicopter and microlight flights</li><li>&gt; Hiking</li><li>&gt; Quad and mountain biking</li><li>&gt; Jet boating</li><li>&gt; Horseback riding</li><li>&gt; Safaris</li></ul>	
	<b>\$20 USD</b> (\$33 NZD) for international visitors via Zambia.	<b>\$20 USD</b> (\$33 NZD) for Southern African Development Community visitors via Zambia  <b>K 12</b> (\$0.80 NZD) for Zambians via Zambia.			
<b>Plitvice Lakes National Park in Croatia</b> is nearly 300 square kilometres. It contains 16 terraced lakes, waterfalls and a limestone canyon. There were an estimated <b>1.2 million visitors in 2022</b> .		There is no preferential pricing based on nationality. Pricing differs depending on the time of the year.  <b>\$ 4 USD</b> (\$75 NZD) from June to September  <b>\$25 USD</b> (\$45 NZD) from April, May and October  <b>\$11 USD</b> (\$20 NZD) for November to March		The fees for the Park's shuttle buses and ferry boat rides are all included in the ticket price.  Revenue raised from the entrance fee contributes to the permanent protection and landscape maintenance of the Park, trails, toilets, and accident insurance.	<ul style="list-style-type: none"><li>&gt; Hiking</li><li>&gt; Kayaking</li><li>&gt; Biking</li><li>&gt; Guided tours</li></ul>
<b>Serengeti National Park</b> is a World Heritage Site over 5,000 square kilometres in Tanzania. It is home to one of the continent's highest concentrations of large mammal species, including lions, hyenas, zebras, giraffes, and elephants. The Park has approximately <b>350,000 visitors per year</b> .		<b>\$70 USD</b> (\$116 NZD) for international visitors (non-residents) in peak season,  <b>\$60 USD</b> (\$100 NZD) in low season.	<b>\$35 USD</b> (\$58 NZD) for expatriates and residents.  <b>Tsh 10,000</b> (\$7 NZD) for Tanzanians or East African.	The entrance fee pays for conservation projects in the Park and the communities surrounding.  A daily concession fee is also added for visitors staying in a camp, lodge or hotel inside the National Park. This fee is \$60	<ul style="list-style-type: none"><li>&gt; Game drives</li><li>&gt; Hot air balloon tours</li><li>&gt; Walking safaris and hiking</li><li>&gt; Horseback riding</li><li>&gt; Maasai Village visits</li></ul>

Place	Entrance fee: international	Entrance fee: Preferential visitors	Key features of the entrance fee	Activities within the Park
			<p>USD (\$100 NZD) for non-residents, expatriates and residents, and Tsh 30,000 (\$20 NZD) for East Africans or Tanzanians.</p> <p>There are also fees for camping, vehicle entry, ranger fees, hot air balloon landings, horse riding, and annual research permits.</p>	
<p><b>The Brazilian Atlantic Islands</b> consist of the Fernando de Noronha and Atol das Rocas Reserves. Together, they span around 400 square kilometres. Fernando de Noronha Marine National Park sees around <b>400,000 people per year</b>. It is not clear how many visitors go to Atol das Rocas per year.</p>	<p><b>\$72 USD</b> (\$120 NZD) for international visitors.</p>	<p><b>\$36 USD</b> (\$60 NZD) for Brazilian visitors.</p>	<p>Regulations capped daily visitor numbers to 400 people per day in the early 2010s, but it is not clear if this cap still exists.</p>	<ul style="list-style-type: none"> <li>&gt; Nature and wildlife tours</li> <li>&gt; Walking tours</li> <li>&gt; Scuba diving, swimming</li> <li>&gt; Water tours</li> </ul>
<p><b>Galapagos National Park</b> is located about 500 miles west of Ecuador. The Park is home to the Galapagos Island and is nearly 8,000 square kilometres. The Islands sees around <b>170,000 visitors per year</b>.</p>	<p><b>\$200 USD</b> (\$333 NZD) for international visitors.</p> <p>(from 1 August 2024)</p>	<p><b>\$100 USD</b> (\$ 67 NZD) for visitors from CAN/MERCOSUR countries.</p> <p><b>\$30 USD</b> (\$50 NZD) for Ecuadorians.</p> <p>(From 1 August 2024)</p>	<p>The 1 August 2024 fee increase (twice the current price) is the first since 1998. The Ministry of Tourism states the increase in fees will go to conservation initiatives, infrastructure upgrades and community programmes to mitigate the ecological footprint of tourism.</p>	<ul style="list-style-type: none"> <li>&gt; Nature and wildlife tours</li> <li>&gt; Water tours</li> </ul>



## Appendix 2.7: Strategic alignment with national, regional and local strategies and plans

### GOVERNMENT MANIFESTO COMMITMENTS

#### National Party

National's tourism manifesto commits to delivering practical and sensible support to make New Zealand more attractive to visitors, so tourism operators—including those in regions—can deliver world-class experiences and hospitality and growing their businesses and the economy.<sup>52</sup>

The manifesto identifies tourism as a major source of export revenue, while both domestic and international tourism supports businesses and local communities across the entire economy. The tourism sector is a significant part of the party's plan to rebuild the economy.

#### Act

ACT did not release a tourism policy but its economic policy included commitments to reduce the regulatory burden and create more enabling conditions for private enterprise to flourish.

It referenced the comments of the Parliamentary Commissioner for the Environment). The Parliamentary Commissioner that

**“Current and projected funding will not be enough to stop pests wiping out much of our unique biodiversity. Commercial use (including mining) of public conservation land offers an opportunity to address some of that funding shortfall.”**

Its conservation policy noted Act was committed to the preservation of National Parks and would have three bottom lines when

considering applications for economic activity on conservation land:<sup>53</sup>

1. Economic activity on land where there is critically endangered species in a unique ecosystem is not permitted.
2. There must be a net environment benefit—that is, any environmental damage must be outweighed by environmental gain—for instance, an area of land at least greater than the area of economic activity is remediated, has pest control, and is placed into public conservation land.
3. There must be rehabilitation of the land to its natural state after its use.

#### NZ First<sup>54</sup>

New Zealand First's manifesto identified the tourism industry as an essential export earner and noted its commitment to ensure that resources and funding are focused on the growth of domestic tourism. Policy through:

- > utilising tourism to support thriving and sustainable regions
- > ensuring that regions are visitor-ready by working with the Tourism Industry to improve the social acceptance of tourism with appropriate infrastructure that benefits locals and visitors
- > exploring ways to improve productivity within the tourism industry
- > maximising the value of Māori Tourism as a unique asset in the New Zealand tourism experience.

<sup>52</sup> National Party (2023), *Boosting Tourism*, [https://assets.nationbuilder.com/nationalparty/pages/18366/attachments/original/1694035195/Boosting\\_Tourism.pdf?1694035195](https://assets.nationbuilder.com/nationalparty/pages/18366/attachments/original/1694035195/Boosting_Tourism.pdf?1694035195)

<sup>53</sup> Act Party (2023). Conservation. <https://www.act.org.nz/conservation>

<sup>54</sup> New Zealand First (2023). Election Manifesto 2023. <https://assets.nationbuilder.com/nzfirst/pages/4158/attachments/original/1696631089/2023-New-Zealand-First-Policy-Manifesto-1.pdf?1696631089>

- > helping New Zealand deliver other exceptional visitor experiences
- > using tourism to protect, restore and champion New Zealand's natural environment, culture and heritage
- > working towards tourism improving the lives of New Zealanders

### NEW ZEALAND-AOTEAROA GOVERNMENT TOURISM STRATEGY

The [New Zealand-Aotearoa Government Tourism Strategy](#), prepared in May 2019 by MBIE and DOC, is one of the central guiding documents for government policy and investment in tourism, including within the conservation estate. The strategy sets out a deliberate and active role for government in tourism, as a steward, looking across the system to make sure it is working effectively and an actor through investments and interventions.

### HERITAGE AND VISITOR STRATEGY

DOC prepared [the Heritage and Visitor Strategy](#) in 2021, to “sustainably manage visitors to protect and enhance the value of New Zealand’s natural, cultural and historic heritage.” This strategy builds on the New Zealand-Aotearoa Government Tourism Strategy.

The strategy identifies Milford Sound as an initial project for destination management planning at landscape scale, along the Mackenzie, Aoraki/Mt Cook, and South Westland glaciers. Further, the strategy commits DOC to setting up the capability and systems to meaningfully engage in collaborative, long-term destination management planning exercises, like MOP, “and inform future investment in visitor experiences and facilities.”

Destination management involves the management of all aspects of a destination that contribute to a visitor’s experience, including the perspectives, needs and expectations of: visitors, Māori/iwi/hapū, the tourism industry, wider businesses, local residents, and central and local government. This project presents a

deliberate shift to a destination management approach in Piopiotahi Milford Sound.

### PARLIAMENTARY COMMISSIONER FOR THE ENVIRONMENT

The Parliamentary Commissioner for the Environment has prepared two reports recently that speak to sustainable tourism initiatives.<sup>55</sup> The Commissioner specifically highlights the challenges with congestion resulting from increasing tourism numbers that that Milford Sound faces, and the subsequent risks in the loss of environmental values, the sense of wildness, and quiet.

The Commissioner stresses the value of managing demand, pointing to the 2007 Fiordland National Park Management Plan, which recommended restricting annual visitors using the Freshwater Basin Activity Area to a maximum of 4,000 per day, with visitor numbers between 1am and 2pm not exceeding 2,500. It notes that those thresholds have been exceeded several times per month during the high season since late 2015.

### TE MANA O TE TAIAO—AOTEAROA NEW ZEALAND BIODIVERSITY STRATEGY 2020

New Zealand’s biodiversity is in crisis. The Biodiversity Strategy 2020, seeks to provide an all of New Zealand response to the threats to biodiversity and sets the direction and goals out to 2050. This requires getting the right systems in place to address the crisis, enabling all New Zealanders to help protect and restore biodiversity, and addressing the direct pressures causing decline, ensuring sustainable use of biodiversity and restoring biodiversity.

### CONSERVATION LAW REFORM

The Biodiversity Strategy recognises that reversing biodiversity decline requires better systems, including legislation. Current conservation laws are a web of 24 acts that are complicated and inconsistent. Most of them are decades old and do not account for modern pressures like climate change or the evolving

<sup>55</sup> Parliamentary Commissioner for the Environment (2019). *Pristine, popular... imperilled? The environmental consequences of projected tourism growth*. <https://pce.parliament.nz/media/mvud3vpb/report-pristine-popular-imperilled.pdf>

Parliamentary Commissioner for the Environment (2021). *Not 100%—but four steps closer to sustainable tourism*. <https://pce.parliament.nz/media/d0rj4mmb/report-not-100-but-four-steps-closer-to-sustainable-tourism-pdf-24mb.pdf>

understanding of the principles of the Treaty of Waitangi/Te Tiriti o Waitangi.

Conservation law reform is being phased, with changes being made in the short to medium term as the foundation for comprehensive reform is established. This includes the Conservation Management and Processes Bill which seeks to improve targeted areas to make the legislation more workable.

## Regional and local direction

Regional and local authorities have an important role in protecting the environments, people, and resources. Piopiotahi Milford Sound, the Milford Corridor, and Te Anau all fall within the remit of Southland District Council and Environment Southland. Those two Councils have funded the Southland Regional Development Agency, Great South, and Tourism promotion agency, Visit Southland.

Investment in Piopiotahi Milford Sound is strongly aligned with the strategic aims and direction of regional and local bodies seeking to leverage the tourism opportunities while also generating benefits for the natural environment and local communities.

## SOUTHLAND DISTRICT COUNCIL

The 2021 infrastructure strategy notes that the challenge for the district is to support and plan for appropriate infrastructure for tourism in light of the uncertainties to this industry caused Covid-19. This includes focusing on building operator capability, leveraging Southland's unique offerings, growing its visitor economy sustainably, and exploring collaboration opportunities.

The 2021 Long-Term Plan notes specifically that the provision of appropriate visitor infrastructure and increased range of tourism related opportunities is a key strategic issue.<sup>56</sup> It also notes that:

"While Milford Sound is one of NZ's most important attractions, currently the local economy does not harness the full potential from the flow of visitors to this location."<sup>57</sup>

## ENVIRONMENT SOUTHLAND

Environment Southland has a vision for a *thriving Southland*, and a mission to work with community to enhance Murihiku Southland's environment. It highlights its perceived economic vulnerabilities driven by its population size, and makes clear its intention to grow the region, economically and in population size. Further, it notes the critical role that tourism plays in the region's economy particularly highlighting the potential for a concentration of job opportunities. However, Environment Southland also notes that tourism in its region is underdeveloped and argues that better community and business capability development are necessary to achieve that vision.<sup>58</sup>

Environment Southland also identifies the critical role that infrastructure plays in economic prosperity. Its infrastructure strategy identifies risks from natural hazards and a changing climate, economic conditions and affordability, and growth and development as some of the key challenges that it will need to manage in the coming decades.<sup>59</sup>

Through its resource management policies and plans (Water and Land Plan, Regional Coastal Plan and Iwi Management Plan), Environment Southland provides for the sustainable and integrated management of natural resources in the Southland region through

- > > management of activities that may adversely affect the quality of the region's freshwater
- > > sustainable management of the coastal marine area, land use and development

<sup>56</sup> Southland District Council (2021). 2021-2031 Long Term Plan. <https://www.southlanddc.govt.nz/assets/Annual-and-Long-Term-Plans/Plans/2021-2031-Long-Term-Plan.pdf>

<sup>57</sup> Ibid. p 414

<sup>58</sup> Southland Mayoral Forum (2015) Southland regional development strategy. [https://www.es.govt.nz/repository/libraries/id:26gi9ayo517q9stt81sd/hierarchy/about-us/plans-and-strategies/strategies/southland-regional-development-strategy/documents/southland\\_regional\\_development\\_strategy\\_friday\\_16\\_october\\_2015.pdf](https://www.es.govt.nz/repository/libraries/id:26gi9ayo517q9stt81sd/hierarchy/about-us/plans-and-strategies/strategies/southland-regional-development-strategy/documents/southland_regional_development_strategy_friday_16_october_2015.pdf)

<sup>59</sup> Environment Southland (2021) Long term plan 2021-2031 <https://www.es.govt.nz/repository/libraries/id:26gi9ayo517q9stt81sd/hierarchy/about-us/plans-and-strategies/council-plans/long-term-plan/documents/2021-2031%20Long-term%20Plan.pdf>



- > > achieve more meaningful rangatiratanga and kaitiakitanga in natural resource management

### **GREAT SOUTH**

Great South's focus on tourism is consistent with the ambitions of Southland District Council and Environment Southland. Its vision for Southland tourism is:

- > Murihiku Southland is a world-class tourism destination that showcases our stunning natural landscapes, rich cultural heritage, and exceptional hospitality. By prioritising sustainability and community collaboration, we create unforgettable experiences for visitors, while benefiting residents, businesses, and the environment.
- > Implementation of that ambition is spread across five domains: a world class destination, showcasing a rich cultural heritage, and exceptional hospitality, creating lasting benefits for communities and business, and prioritising sustainability.<sup>60</sup> MOP is identified as a priority project in the destination strategy.

<sup>60</sup> Beyond 2025 Southland (2023) Regional Long term plan: [https://greatsouth.nz/storage/app/media/Publications/231121\\_B2025\\_Summary%20Document%20-%20VERSION%20%20NOV%202023%20-%20Web%20Singles.pdf](https://greatsouth.nz/storage/app/media/Publications/231121_B2025_Summary%20Document%20-%20VERSION%20%20NOV%202023%20-%20Web%20Singles.pdf)

# 03 ECONOMIC CASE

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This economic case sets out the underpinning rationale for the preferred option and documents the process adopted to develop and assess a range of alternatives.

# 03. ECONOMIC CASE

This Economic Case sets out the underpinning rationale for the preferred option and documents the process adopted to develop and assess a range of alternatives.

The preferred option is to deliver the Masterplan's vision after considering the outcomes of feasibility testing and spatial planning that have informed the investment proposals and policy settings underpinning this option. This includes:

- > a new funding arrangement that would enable a step change in the level of funding available to protect, enhance and restore the natural environment in Fiordland National Park and the Fiordland marine area
- > delivery of a new visitor centre in Piopiotahi Milford Sound with most staff and visitor accommodation shifted to Knobs Flat with significant improvements to address natural hazard and seismic risk
- > realignment of the spatial layout with the aerodrome reoriented to enable a compelling sense of arrival
- > delivery of new visitor experiences and activities along the corridor
- > managing access through a combination of operator activities and investment along the corridor to spread the flow of visitors during the day. Parking will be substantively reduced with visitors required to book spaces ahead of time.

- > managing concessions differently, including through setting higher standards and expectations for operators and the use of proactive approaches to statutory planning for and allocation of concessions. This will be complemented with more deliberate monitoring, oversight and performance management of commercial activities against agreed expectations, and
- > introduction of an International Visitor Access Charge (IVAC) at \$100 per adult and \$50 per individual 14 and under. A range of \$75-\$100 per adult is examined, but \$100 provides the best return to conservation and environmental outcomes (see Financial Case for further analysis).

This approach would undertake immediate interventions to enable regenerative management, significant investment to increase visibility of cultural narrative and Ngāi Tahu footprint and seek to effectively manage the impact of tourism.

There are choices within this approach for the pace and scale at which that ambition could be delivered.



## 3.1 Our approach to developing and assessing options

This section sets out the approach we took to developing and assessing options under this business case.

### KEY POINTS

- 1 The approach includes direction from both:
  - > top-down on the broad ambition and intent associated with different options; and
  - > bottom-up informed by long-list analysis against key dimensions of choice and the selection of best performing interventions.
- 2 There is a complex and layered relationship across the dimensions of choice that requires a step-wise or 'building blocks' approach to developing options to enable consideration of key choices on their own merits and interdependencies.
- 3 The options have been developed to respond to the challenges identified in the Strategic Case, taking a tourism and conservation system-based approach recognising the interconnected nature of the issues.

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## Responding to the challenges identified in the investment logic map

The Strategic Case introduced the following four key challenges we are seeking to address through this business case:

- > Growing congestion, concentrated in the middle of the day during the peak season, that presents safety risks and degrades the experience for other visitors.
- > The regulatory system is typically reactive and ‘first in first served’ which adds transactions costs for operators while providing limited incentives for competition or innovation to improve the visitor experience.

- > Ageing infrastructure in the area that is not equipped for higher visitor numbers and remains susceptible to resilience risks that come with the dynamic and remote environment.
- > An environment and its indigenous species and habitats that are under increasing stress, with the core wilderness experience and conservation values being compromised and unsustainable funding levels, which together present risks to precious ecological and cultural values as well as New Zealand’s tourism brand and image globally.

Overlaid across these challenges is that mana whenua are put in a position to be reactive to what is happening in the area and their stories extracted and poorly understood.

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## Identifying key choices and recognising interdependencies

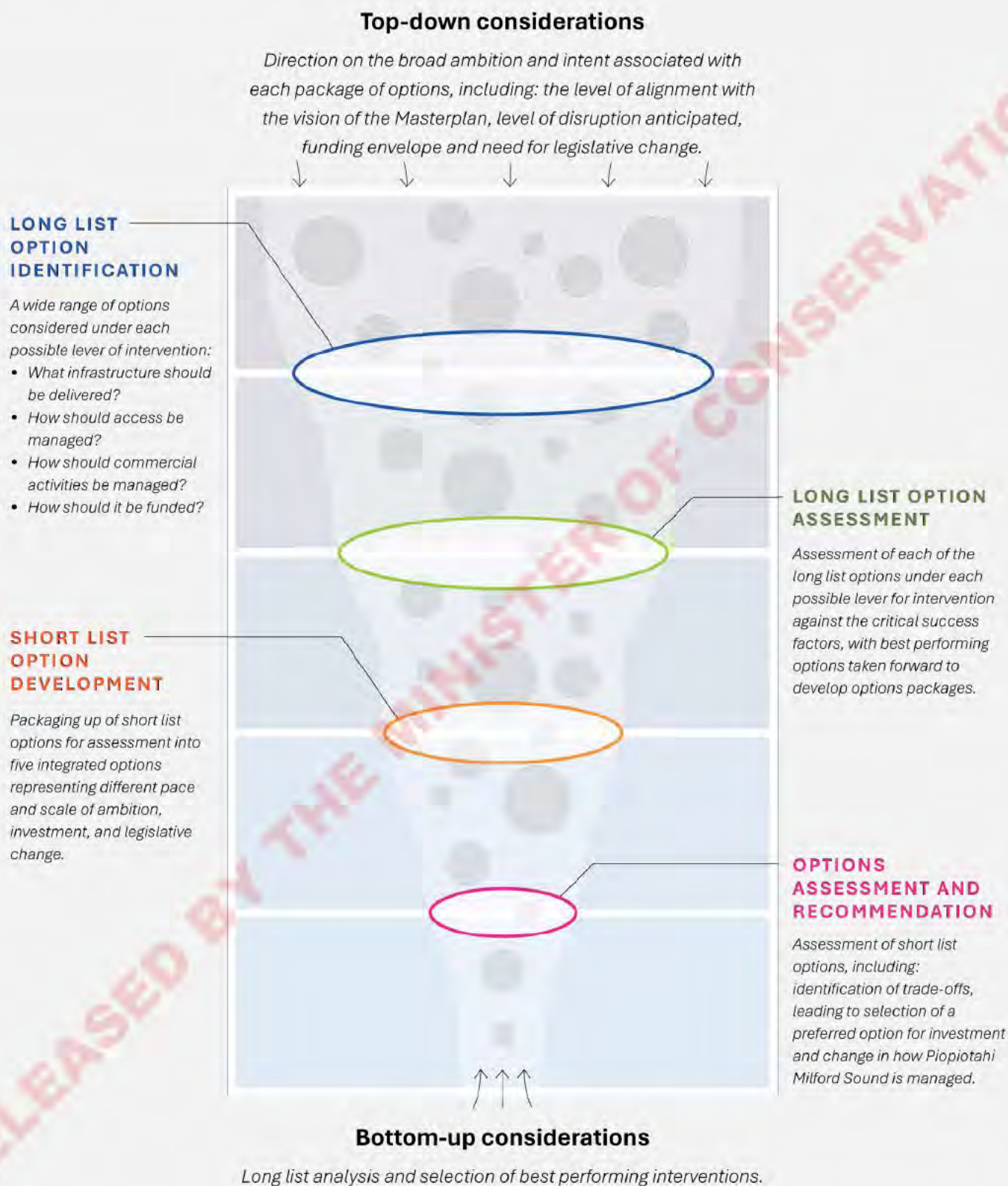
These challenges are interdependent and require a system-based response to address. We have taken a ‘building blocks’ approach to developing options as summarised in Figure 1.

As noted in the figure, the options have been informed by both ‘top-down’ and ‘bottom-up’ considerations, comprising:

- > Top-down direction on the broad ambition and intent associated with each package of options (this includes direction on the level of alignment with the ambition and vision of the Masterplan, level of disruption anticipated, funding envelope and need for legislative change)
- > Bottom-up direction on the basis of the long-list analysis and the best performing options identified from that approach.

This approach has enabled us to isolate key decisions and consider these on their individual merits before bringing them together in a way that captures the key interdependencies between choices.

Figure 1. Process for developing and assessing options in this economic case





## 3.2 Options evaluation framework

This section sets out the evaluation framework used to assess options.






### KEY POINTS

- 1 The evaluation framework comprises the investment objectives introduced in the Strategic Case and critical success factors common in the better business case methodology.
- 2 The options assessment is informed by economic analysis of costs and benefits as well as broader impacts.
- 3 A set of profiles of parties with a strong interest in Piopiotahi Milford Sound illustrates different perspectives on how the options might impact different individuals and groups, based on the engagement undertaken throughout the project and on the options themselves.

The basis for evaluating the options in this business case is the investment objectives presented in the Strategic Case and a set of critical success factors developed on the basis of the context for the investment and key 'non-negotiable' factors that any option for change should address.

For each of the options, we have made use of a 5-point assessment scale to determine the extent to which the option meets each of the investment objectives and critical success factors. The assessment is relative to option 1: the enhanced status quo, recognising that this presents the most likely counterfactual scenario (i.e. the scenario that would eventuate in the absence of any further intervention).

Table 1: Assessment guide

Rating	Description
	Little to no improvement on the status quo
	Some improvement relative to the status quo but on a limited or marginal basis
	Delivers against some parts of the objective or success factor but with risks/uncertainty (i.e. dependent on other variables)
	Largely delivers against the objective or critical success factor
	Highly likely/certain to deliver the objective or critical success factor with low risk

### Investment objectives

The investment objectives are repeated below, together with the approach we have taken to assessing each packaged option against these.

Table 2. Investment objectives

Investment objectives	Measurement approach
The role of Ngāi Tahu as mana whenua and Treaty partner is	<ul style="list-style-type: none"> <li>&gt; Opportunity to exercise tino rangatiratanga</li> <li>&gt; Opportunity to exercise kaitiakitanga</li> <li>&gt; Opportunity to exercise manaakitanga</li> </ul>



Investment objectives	Measurement approach
acknowledged, and Te Ao Māori values are embedded throughout	
Results in significantly improved governance and management of the area.	<ul style="list-style-type: none"> <li>&gt; Qualitative assessment of the extent to which the options meet the governance design principles</li> <li>&gt; Assessment of machinery of government implications including reduction of regulatory burden</li> <li>&gt; Assessment of risk and accountability implications of any new model</li> </ul>
Is supported by a self-funding, sustainable commercial model as much as possible	<ul style="list-style-type: none"> <li>&gt; Financial modelling to inform assessment of sustainability of the model</li> <li>&gt; Alignment to funding principles and strategy</li> </ul>
The visitor experience is world-class, enhances conservation and community	<ul style="list-style-type: none"> <li>&gt; Alignment with expectations of a world class visitor experience</li> <li>&gt; Extent to which known visitor needs and expectations are addressed</li> <li>&gt; Conservation and community benefit to be measured by size of the conservation 'dividend' associated with each option</li> </ul>
Delivers infrastructure that is effective, efficient, resilient and environmentally sustainable	<ul style="list-style-type: none"> <li>&gt; Alignment with feasibility research and key themes</li> <li>&gt; Assessment of safety and hazard risks and the extent to which these are effectively managed</li> </ul>
The benefit of hosting visitors and enabling private enterprise is extended to the communities of Southland and Otago	<ul style="list-style-type: none"> <li>&gt; Modelling of number of visitors, length of stay and visitor spend</li> <li>&gt; Analysis of origin and termination of visit</li> <li>&gt; Economic impact assessment to identify additional employment and GDP enabled by preferred option</li> </ul>

We have taken a multi-criteria assessment (MCA) approach to the evaluation, supported by an economic impact analysis. Detail in the

approach to the economic impact analysis is provided in Appendix 3.4.

## Critical success factors

In addition to the investment objectives, we have developed the following critical success factors that inform the assessment of each lever and the spectrum of interventions that sit within this.

Table 3. Critical success factors

Critical success factors	Description	Measurement approach
Strategic fit and business needs	Meets the agreed investment objectives, related investment requirements and visitor and conservation experience.	<ul style="list-style-type: none"> <li>&gt; alignment with investment objectives</li> <li>&gt; contribution to broader national and regional strategies and plans</li> </ul>
Value for money	Optimises public value (social, economic, and environmental) in terms of the potential costs, benefits, and risks of the Project.	<ul style="list-style-type: none"> <li>&gt; assessment of costs and benefits</li> <li>&gt; qualitative assessment of risks and non-quantifiable impacts</li> </ul>
Achievability	Is likely to be delivered given the Project's ability to respond to the changes required, including assessing relevant legislative barriers	<ul style="list-style-type: none"> <li>&gt; assessment of the scale of change and disruption</li> <li>&gt; feasibility of possible legislative pathway</li> </ul>



Critical success factors	Description	Measurement approach
Affordability	Can be funded from available finance sources, including funding across agencies and from alternative funding (such as a charge) and commercial arrangements.	<ul style="list-style-type: none"> <li>&gt; informed by funding strategy and modelling</li> <li>&gt; assessment of implications of concessions approach</li> </ul>
Capacity and capability	The ability of key agencies, mana whenua, stakeholders and permission holders and concessionaires (current and future) to deliver the required visitor, conservation and related experiences.	<ul style="list-style-type: none"> <li>&gt; assessment of functions and powers required</li> <li>&gt; capacity and capability assessment based on resourcing estimates and outcomes</li> </ul>

## Profiles of impacted parties

We have adopted several key profiles to provide a narrative for the impacts that different parties that live, visit or have any other connection with Piopiotahi Milford Sound might feel as a result of the different options. These profiles are informed by our market research and engagement work which has given us a good understanding of the current experience of these groups (Appendix 2.1 outlines the

stakeholders we engaged with and the key themes we heard).

A summary of the profiles are presented below. This includes a description of typical motivations for these individuals or groups and the pain points currently felt. It is important to note that for all of these groups, there will be a common motivation of wanting to see Piopiotahi Milford Sound preserved now and into the future. The table describes the motivations specific to these groups.

Table 4. Profiles of parties impacted by investment

Profile	Description	Motivations	Pain points
Mana whenua	<i>Ngāi Tahu are tangata whenua and eight Papatipu Rūnanga exercise mana whenua over Piopiotahi Milford Sound.</i>	<ul style="list-style-type: none"> <li>&gt; Ngāi Tahu seeks the space and opportunities to exercise its rangatiratanga in an area where it holds mana whenua.</li> <li>&gt; Kaitiakitanga and a shared sense of responsibility for Piopiotahi Milford Sound.</li> <li>&gt; Whanaungatanga—relationship building, sense of connection, active knowledge transfer and experiences.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Lack of visible footprint at place.</li> <li>&gt; Sense of disconnection.</li> <li>&gt; Impact of uncontrolled visitor growth on place particularly conservation and environmental values.</li> <li>&gt; Concern about absence of strategic approach and limited opportunities to participate in commercial activities.</li> <li>&gt; Missed opportunity to share the cultural story/significance of this place with manuhiri.</li> </ul>



Profile	Description	Motivations	Pain points
<b>Large tourism operators</b>	<i>Operators (e.g. Milford Sound Tourism Limited, Southern Discoveries, Trojan Holdings, Real NZ) with a large interest in the delivery of experiences in Piopiotahi Milford Sound.</i>	<ul style="list-style-type: none"> <li>&gt; Regulatory certainty and efficiency to enable private enterprise, innovation and investment.</li> <li>&gt; Coherence across regulatory environment (concessions, national park management plan, resource management plan etc).</li> <li>&gt; With increasing numbers, improved and sustainable management and dispersal of visitors to enable a world class experience that they will either come back for or recommend to others.</li> <li>&gt; Ability to run a profitable and sustainable tourism venture.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Congestion during peak periods and seasonal swings in demand.</li> <li>&gt; Long processing times.</li> <li>&gt; Concessions going out of date.</li> <li>&gt; Restrictions and lack of tenure.</li> <li>&gt; Management of natural hazard risks.</li> </ul>
<b>Small and medium business owners</b>	<i>Small tourism operators (e.g. walking guides) and other business owners (e.g. hospitality providers in Te Anau) that depend on Piopiotahi Milford Sound and the local visitor economy.</i>	<ul style="list-style-type: none"> <li>&gt; Ability to compete for commercial opportunities.</li> <li>&gt; A level playing field for operators.</li> <li>&gt; A managed, sustainable tourism system that provides opportunities for a wide range of operators, including through a diversified tourism offering to meet different visitor needs.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Perceive lack of fairness and consistency of concessions system</li> <li>&gt; Unsafe driving conditions and congestion on the road.</li> <li>&gt; Lack of enabling infrastructure in Piopiotahi Milford Sound, the corridor and Te Anau to provide new commercial opportunities.</li> </ul>
<b>Conservation groups</b>	<i>Conservation organisations, advocacy groups, community groups and volunteers with an interest in protecting and restoring the natural environment.</i>	<ul style="list-style-type: none"> <li>&gt; Better management of environmental impacts of tourism.</li> <li>&gt; Increase in conservation activity in the national park.</li> <li>&gt; Compliance with existing conservation requirements under statutory instruments.</li> <li>&gt; Management and monitoring to overcome threats to terrestrial and marine biodiversity such as invasive exotic species.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Unmitigated impacts of tourism on conservation values in the national park.</li> <li>&gt; Breaches of resource consent conditions/process.</li> <li>&gt; Adequacy of funding for conservation.</li> <li>&gt; Concerns about overtourism/overcommercialisation.</li> <li>&gt; Biodiversity values being managed in isolation from each other (e.g. marine and terrestrial).</li> </ul>
<b>International visitors</b>	<i>Overseas visitors to Piopiotahi Milford Sound.</i>	<ul style="list-style-type: none"> <li>&gt; Having a memorable, unique experience of untouched wilderness.</li> <li>&gt; Experiencing indigenous culture in an authentic way.</li> <li>&gt; Opportunities to enjoy the place while having access to creature comforts (China and US in particular).</li> <li>&gt; Opportunity to 'give back' to the place.</li> <li>&gt; Diverse range of experiences to take in the place (walks, boat cruise, camping).</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Congestion and its related noise and environmental impacts, taking away from the experience.</li> <li>&gt; Notable absence of cultural narrative</li> <li>&gt; Unsafe driving conditions.</li> <li>&gt; Stress associated with drive times and hazards.</li> <li>&gt; Lack of toilets or food options.</li> <li>&gt; Congestion in the terminal and café at peak times.</li> </ul>



Profile	Description	Motivations	Pain points
<b>Domestic visitors</b>	<i>Local New Zealand-based visitors to Piopiotahi Milford Sound.</i>	<ul style="list-style-type: none"> <li>&gt; Ability to enjoy and take pride in a New Zealand icon without crowds.</li> <li>&gt; Ability to learn about the natural environment, the heritage of the place and its importance to mana whenua.</li> <li>&gt; Freedom of access to our national park.</li> <li>&gt; Confidence their taonga is being restored and well-managed for future generations to enjoy.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Congestion and its related noise and environmental impacts, taking away from the experience.</li> <li>&gt; Notable absence of cultural narrative</li> <li>&gt; Unsafe driving conditions.</li> <li>&gt; Concerns about overtourism/overcommercialisation.</li> <li>&gt; Pressures on the natural environment.</li> </ul>
<b>Recreational users (hunting and fishing, hiking, cycling)</b>	<i>Visitors to Piopiotahi Milford Sound who visit regularly during the year for recreational reasons.</i>	<ul style="list-style-type: none"> <li>&gt; Ability to access and enjoy Piopiotahi Milford Sound freely.</li> <li>&gt; Connection with New Zealand's nature.</li> <li>&gt; Well maintained and accessible walking and cycling tracks to enjoy the area.</li> <li>&gt; Effective and sustainable management of animal condition and volumes to maintain the viability of hunting in the area.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Congestion and unsafe movement of vehicles along the Milford corridor.</li> <li>&gt; Access to important recreation spots along the road unfettered by crowds</li> <li>&gt; Adequate funding for conservation.</li> <li>&gt; Overtourism/overcommercialisation.</li> <li>&gt; Pressures on the natural environment.</li> </ul>
<b>Central and local Government</b>	<i>Agencies with regulatory and planning responsibility for the area including (DOC, NZ Transport Agency Waka Kotahi, Ministry of Transport (MoT), Southland District Council, and Environment Southland)</i>	<ul style="list-style-type: none"> <li>&gt; Ability to provide cohesive management ki uta ki tai (from mountains to the sea)</li> <li>&gt; Budgets of sufficient conservation and infrastructure</li> <li>&gt; Mechanisms to sustainably manage visitors into the future to benefit people and place</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Concerns about deteriorating natural environment and tourism experience</li> <li>&gt; Complex and fragmented regulatory management system</li> <li>&gt; Fiscal pressures and the need to meet costs from centrally allocated funding (that requires them to navigate competing funding pressures)</li> <li>&gt; Low ratepayer base in Te Anau / Southland to service a popular tourism attraction</li> </ul>
<b>Local communities and residents (Piopiotahi Milford Sound and Te Anau)</b>	<i>Piopiotahi Milford Sound workers and residents and Te Anau locals.</i>	<ul style="list-style-type: none"> <li>&gt; Ability to influence any changes to the area, their homes and way of life</li> <li>&gt; Flexible access to Piopiotahi Milford Sound and surrounding national park.</li> <li>&gt; Desire for gradual well-planned tourism growth</li> <li>&gt; Positioning Te Anau as the Gateway to Piopiotahi Milford Sound and Fiordland while preserving the safe, scenic and peaceful essence of the town</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Lack of communal facilities away from visitors</li> <li>&gt; Vulnerable to earthquakes and tsunami – though they are aware of risks and have made a conscious choice to be in Piopiotahi Milford Sound.</li> <li>&gt; Congestion and hazards on the road</li> <li>&gt; Small rate payer base</li> </ul>



## 3.3 Long-listing

This section sets out the long-list analysis we have undertaken for the economic case.

### KEY POINTS

- 1 Long list options have been developed for each of four domains: infrastructure, managed access, concessions and charging mechanisms. The best performing interventions in each of these domains will be integrated into packages to form a shortlist for assessment in this business case.
- 2 Infrastructure options have been selected to:
  - > more effectively manage resilience risks that come with a dynamic and remote environment, including by limiting the number of people staying overnight in Piopiotahi Milford Sound itself
  - > limit introduction of elevated structures within Piopiotahi Milford Sound due to ground conditions and geotechnical risks
  - > introduce activities and experiences in the corridor will enhance the visitor proposition
  - > manage existing power limitation by extending power to Knobs flat to increase supply along the corridor and reduce power consumption in Piopiotahi Milford Sound through a reduced footprint
  - > establish an impressive and enticing gateway experience at Te Anau
  - > enable authentic cultural experiences to be provided for visitors to immerse themselves in the history and heritage of the place and understand its significance to mana whenua.
- 3 The main choices for managing access are to:
  - > require domestic visitors travelling by private vehicle to book a permit (total permits capped each day) and require international travellers to arrive via public transport alternatives with stops along the corridor to disperse visitors (i.e. the masterplan approach)
  - > manage access through re-negotiated conditions in concessions that encourage operators to schedule and disperse visitor flows throughout the day
  - > manage access solely through use of a permit system for domestic and international visitors
  - > manage access through restrictions on car parking and pricing to manage demand
  - > manage access through delivering new transport options that act as an alternative to private travel and introducing visitor experiences/accommodation along corridor that disperse visitors.
- 4 We have determined that the IVAC should only be applied to international visitors, with children 14 and under paying a reduced rate. The charge should be priced at a rate that enables revenue to be directed towards conservation outcomes. It should be valid for a multi-day period. There are choices around how the charge is collected, being:
  - > through requiring visitors to obtain a permit to enter Piopiotahi Milford Sound and collecting the charge through concessionaires offering transport services (Masterplan option)
  - > directly from visitors through an online platform or at collection points
  - > through all concessionaires by inclusion in fares charged for services.
- 5 Concessions can be managed in the following ways:
  - > reactive and effects-based management – largely a continuation of the status quo
  - > Moderately proactive and strategic management – aligning concessions more closely with desired outcomes with bespoke conditions on key concession arrangements
  - > Highly proactive and strategic management – a more directive approach with high level of prescription and intensive management of concession conditions.
- 6 There are options for managing access and impacts of large cruise ships into Piopiotahi Milford Sound
  - > Removing access for cruise vessels >1000 gross tons
  - > Imposing restrictions on their size, number, or schedule, to help reduce instances where visitors arriving by land encounter large cruise ships in Piopiotahi Milford Sound.
  - > Change environmental expectations, such on venting exhaust, use of renewable fuels, or biosecurity protocols.

We have determined that cruise ships should retain access for ten years, recognising that visitors arrive by different modes, to actively monitor the impacts of cruise ships in Piopiotahi Milford Sound, and to enable further management of cruise access in future.



As noted above, we have identified and assessed long-list options across a number of levers available to the Government to improve the way tourism and the conservation estate is managed at Piopiotahi Milford Sound. These levers are:

- > **Infrastructure:** What infrastructure is provided at Piopiotahi Milford Sound, the corridor and Te Anau, and how this is arranged spatially
- > **Managed access:** How access to Piopiotahi Milford Sound is managed via the Milford corridor
- > **Concessions:** How commercial activities are managed in the area through the concessions framework that DOC administers

- > **Charging mechanisms:** Whether a fee for access should be introduced, how this should be designed and who it should be applied to
- > **Management and governance:** How Piopiotahi Milford Sound is managed and governed including how this interfaces with the existing statutory framework for managing national parks in New Zealand.

The final lever (management and governance) is addressed through the Management Case in relation to the preferred option however this economic case provides some direction for the type of structure that would be most conducive for delivering each of the shortlisted packages of options.

## Summary of long-list analysis

A summary of the key themes from the long-list analysis is provided below. A detailed analysis of the individual choices for each lever and how these perform against the critical success factors is provided in Appendix 3.1.

### Infrastructure

As noted in the Strategic Case, investment is required to maintain and upgrade core infrastructure within Piopiotahi Milford Sound and along the corridor. Also noted was visitor

insights research that highlighted travellers' preference for 'less but better' infrastructure that reduces the physical footprint in Piopiotahi Milford Sound itself, ensures infrastructure across the national park is sympathetic to the environment while enhancing the experience itself through a better quality and more diverse offering of amenities, viewing areas, accommodation, and trails.

The Masterplan proposal included up to 120 proposals for infrastructure projects in Piopiotahi Milford Sound, the Milford Corridor and Te Anau.

Table 5. Summary of Phase Two Masterplan infrastructure proposals

Area	Node	Elements
Piopiotahi Milford Sound	Visitor hub	<ul style="list-style-type: none"> <li>&gt; Buildings encompassing a Visitor Hub, Marine Interpretation Centre, accommodation for Visitors and Staff.</li> <li>&gt; Arrival Bus Stop and Walkway.</li> <li>&gt; Features including feature landscaping, viewing deck walkway, new vehicle access corridor, waterfront walkways.</li> <li>&gt; Associated wastewater, water, and power modifications.</li> </ul>
	Freshwater Basin	<ul style="list-style-type: none"> <li>&gt; New facilities at the existing terminal.</li> <li>&gt; Safety Refuge.</li> <li>&gt; Pontoon walkway to Bowen Falls.</li> <li>&gt; Bowen Falls cable car.</li> </ul>
	Deep Water Basin	<ul style="list-style-type: none"> <li>&gt; Commercial operations upgrade.</li> <li>&gt; Experience hub including provision for food vendors and landscaping.</li> <li>&gt; Kayak landing point.</li> <li>&gt; Safety Refuge.</li> </ul>



Area	Node	Elements
Milford Sound Corridor	<i>Cleddau Delta</i>	<ul style="list-style-type: none"> <li>&gt; Shuttle Operations Centre.</li> <li>&gt; Long term parking and Helicopter landing pads.</li> <li>&gt; Delta Walkways and walking connection to the Tutoko river.</li> <li>&gt; Safety Refuges.</li> </ul>
	<i>Knobs Flat Hub</i>	<ul style="list-style-type: none"> <li>&gt; Buildings encompassing a cabin and campground accommodation, Knobs Flat interpretation building, accommodation for visitors (Kiosk Creek lodge).</li> <li>&gt; Knobs Flat Interpretation Structures.</li> <li>&gt; Features including able bodied and accessible walkways.</li> <li>&gt; Associated wastewater and potable water modifications.</li> </ul>
	<i>Super Track Head</i>	<ul style="list-style-type: none"> <li>&gt; New Experience Hub.</li> <li>&gt; 7 new or modified tracks ranging in difficulty levels and length.</li> <li>&gt; Associated wastewater, potable water, and power management.</li> </ul>
	<i>The Corridor Experience</i>	<ul style="list-style-type: none"> <li>&gt; New/Developed viewing area at Cleddau Cirque.</li> <li>&gt; Fiordland National Park (FNP) formal entrance/Eglinton Reveal.</li> <li>&gt; Cycleway developed focusing on Knobs Flat and connecting to Cascade Creek.</li> <li>&gt; Mistake Creek Walking Track Development and overnight hut.</li> <li>&gt; Enhancements to Cascade Creek Campground.</li> <li>&gt; Bus shelters at designated Hop on/Hop off locations.</li> </ul>
Te Anau	<i>Te Anau Hub</i>	<ul style="list-style-type: none"> <li>&gt; Visitor Experience Hub including a building, short term parking, and feature landscaping.</li> <li>&gt; Modification to local roads to facilitate vehicle movements.</li> <li>&gt; A bus fleet operations centre and park and ride facility for visitors (remote from Visitor Experience Hub).</li> </ul>

We have feasibility tested these proposals, including alternative proposals where there are significant feasibility challenges associated with the recommendations from the Masterplan.

Key themes from the feasibility research are summarised in the table below.



Image: by Dating Jungle via Unsplash



## Natural Hazards and risks

- > The Milford Road and surrounding area is well known for the occurrence of extensive, often large-scale natural hazards. These include landslides and rockfalls, tree slides, tsunamis, snow avalanches, flooding/debris flows, earthquake shaking and liquefaction. Any of these hazards can have severe impacts on infrastructure, structures, wildlife and the environment and can pose a life risk to visitors and workers
- > Climate change may exacerbate some of these hazards, and reduce others.
- > Some of those risks are mitigatable through selective construction location, for example avoiding areas at highest risk from landslide, avalanche and tree-fall. Those risks are further mitigatable with construction design, such as reinforced roof construction.
- > Other risks are difficult to manage however, such as at the proposed Node 7: Cleddau Cirque, which is exposed to elevated rockfall and avalanche risk. The most appropriate solution in these sites is instead to minimise the amount of time visitors spend there.
- > Seismic risk has grown in prominence over the period of feasibility testing, due to emerging scientific research demonstrating greater risk than previously understood due to the potential for landslide induced tsunami, and a reassessment of the likelihood of an Alpine Fault earthquake of 8.0 or greater. This developing understanding has been front of mind for the MOP Board as it considers appropriate infrastructure investments.
- > Infrastructure that encourages visitors to stay for prolonged periods, such as accommodation services, should be developed in the lowest risk areas, with careful design.

Table 6. Key themes and concepts from feasibility research that impact on infrastructure choices

Theme/concepts	Comments	Implications for infrastructure & spatial planning	Interdependencies
Resilience risks that come with a dynamic and remote environment	Piopiotahi Milford Sound is exposed to some significant natural hazards, including landslide-induced tsunami, which creates intolerable risk for visitors with prolonged stays at the village.	<ul style="list-style-type: none"> <li>&gt; Limit overnight stays in Piopiotahi Milford Sound to essential (e.g. skeleton staff).</li> <li>&gt; Introduce more experiences and accommodation in the corridor to provide an alternative opportunity for less-rushed visitation, reduced travel distances and less congestion at Piopiotahi Milford Sound.</li> <li>&gt; Further feasibility test a shift of staff accommodation to Cleddau Flats Service Area and limit this to essential staff (approx. 40 beds).</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Linked with governance and management arrangements and ensuring appropriate powers and functions for responding to risks.</li> </ul>
Limit introduction of elevated structures within Piopiotahi Milford Sound due to ground condition and geotechnical risks	The geotechnical conditions at Piopiotahi Milford Sound present challenges to building heavy structures, and elevated structures would conflict with the striking landscape.	<ul style="list-style-type: none"> <li>&gt; Removal of gondola proposal.</li> <li>&gt; Removal of significantly upgraded hotel and staff accommodation at Piopiotahi Milford Sound.</li> <li>&gt; Smaller footprint for the visitor centre at Piopiotahi Milford Sound.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Requires greater focus on experiences and accommodation along the corridor.</li> <li>&gt; Impact on existing concessionaires.</li> </ul>



Theme/concepts	Commentary	Implications for infra-structure & spatial planning	Interdependencies
Activities and experiences in the corridor will enhance the visitor proposition	As outlined in the Strategic Case, there are limited experiences available for visitors, and scheduled boat cruises create congestion at peak periods. Offering a range of activities and experiences along the corridor will broaden the appeal of the area to visitors and encourage them to stay longer.	<ul style="list-style-type: none"> <li>&gt; Introduce additional accommodation capacity in the corridor.</li> <li>&gt; Introduce new experiences in the corridor.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New concessions opportunities created through accommodation and visitor experience infrastructure.</li> </ul>
Power to Piopiotahi Milford Sound will be limited and the lack of alternative sources will require costly trenching and extension of cables	Piopiotahi Milford Sound is an isolated environment not connected to the national grid. Connecting the village to Te Anau with a high voltage line is possible, but expensive.	<ul style="list-style-type: none"> <li>&gt; Invest in upgrade of the power supply.</li> <li>&gt; Focus on power lines through to Knobs Flat.</li> <li>&gt; Reduced footprint at Piopiotahi Milford Sound mitigates the need for upgraded power at the end of the corridor.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Approach to procuring power and interface with MSI concession for power generation.</li> </ul>
Value of an impressive and enticing Gateway experience at Te Anau	This creates a magnet attraction within Te Anau and strengthens its proposition as a destination in its own right. It also provides an alternative weather option for visitors drawn to the region, and presents a compelling start to the journey to Piopiotahi Milford Sound.	<ul style="list-style-type: none"> <li>&gt; The relative scale of the gateway experience is related to the final model of access and the transport delivery model.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Ensure that a strong narrative connects the visitor experience from Te Anau to Piopiotahi Milford Sound.</li> </ul>
Both international and domestic visitors have a strong desire for authentic cultural experiences to immerse themselves in the history and heritage of the place and understand its significance to mana whenua	Developing new visitor infrastructure presents a clear opportunity to include a strong cultural narrative.	<ul style="list-style-type: none"> <li>&gt; Sufficient provision for cultural narrative to be reflected in physical infrastructure through discrete works and design parameters.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Use of concessions to set expectations around authentic cultural experiences.</li> </ul>

The detail of individual infrastructure choices examined is presented in Appendix 3.10. Key outcomes from the long-list assessment include:

- > Choosing not to proceed with significant infrastructure proposals in Piopiotahi Milford Sound such as the Bowen Falls gondola, marine interpretive centre and new visitor accommodation for power, resilience and visitor experience reasons outlined above.

- > A smaller visitor experience centre in Piopiotahi Milford Sound but with provision of spaces for key amenities (e.g. food vendors).
- > Exploration of alternatives to the removal of the aerodrome by retaining it but changing its orientation, enabling view shafts to Rahotu Mitre Peak, and enhanced access to the Tauranga Waka site and newly replanted foreshore.
- > Investigation of more accommodation capacity along the corridor to balance the reduced capacity in Piopiotahi Milford Sound



to support delivery of a world class experience and to disperse visitor flows across different times of the day.

- > Focus on options that deliver transport options through concessionaires with government investment focused on enabling infrastructure (e.g. stops, shelters, toilets).

- > Investigation of key cultural investments including Pouwhenua at the national park entrance, Tauranga Waka site at Piopiotahi Milford Sound, cultural learning and interpretation at key nodes and overnight walk/landscape experience at Ō Tāpara Cascade Creek.

## Accommodation at the village

The MOP Board carefully considered the original Masterplan proposals to expand and upgrade the visitor accommodation within the Piopiotahi Milford Sound village. The Board considered that recommendation to create a rich overnight visitor experience, against other impacts like spatial planning and infrastructure requirements.

The Board also heard existing and emerging evidence of the risk from major seismic events in the area, and the exacerbation of that risk from people staying overnight in the village. The Board considered that additional accommodation options within the corridor itself rather than the village was more feasible. s9(2)(b)(ii)

[REDACTED]



**This is an opportunity for us to invest to make these workers and visitors safer now, and in the future”**

*–Tourism Operator*

The Board applied the same risk lens to worker accommodation. The Board considers two areas for worker accommodation are most feasible:

1. The majority of worker accommodation shifting to the corridor as identified within the spatial plan to the wider node known as Te Huakaue / Knobs Flat or in other suitable accommodation sites in the corridor
2. A small provision for critical workers will be sited closer to Piopiotahi. This is most likely to be in the Cleddau Flats Service Area – subject to further site-specific feasibility testing and remedial works

s9(2)(b)(ii)

[REDACTED]

The specific location and design of the worker accommodation is expected to be co-designed with operators and their workers in the next phase of detailed design.

## Recovering costs at the aerodrome

The Piopiotahi Milford Sound aerodrome recovers its costs through landing fees charged to aviation operators. Current landing fees are not sufficient to cover the costs of maintaining and operating the aerodrome. A review of the landing fees is currently underway, with the Ministry of Transport consulting on increases of between 173% and 227%, to return the aerodrome to a position of financial sustainability, without it having to draw funds from the Crown.

Taking a long-term view of asset management with the aerodrome requires significant investment in the runway, particularly in constructing defence against coastal inundation and remediating sub-surface deterioration.

With those additional capital costs, the Board agreed that landing fees collected from aviation operators should cover the operating costs of the aerodrome to appropriately allocate costs to those benefiting from the service, but that the IVAC should fund the capital upgrades of the aerodrome and its reorientation, recognising the broader strategic driver for this upgrade is improving the wider visitor experience.

With the necessary works to achieve these outcomes, there will need to be disruption to the services operating at the aerodrome, and a corresponding increase to landing fees – an order of magnitude higher than they currently are for a Cessna Caravan or equivalent size aircraft. We recommend continuing with the fees review process that is underway, and that a reconsideration of landing fees to better reflect future operating costs occur once capital works are fully costed.

## Managed access

As noted in the Strategic Case, during peak seasons there is significant congestion at the Homer Tunnel and at Piopiotahi Milford Sound, as a result of the majority of visitors travelling for the day and arriving during the mid-day peak to board a pre-booked cruise.

In doing so, many visitors skip key Milford Corridor experiences, representing a significant missed opportunity for local tourism to support regional development and enterprise.

The road is also one of our most challenging with long drive times, distracting scenery, and exposure to natural hazards. This places visitors in a difficult position of needing to navigate difficult terrain in a time-constrained trip.

The Masterplan recommends managing access to the Milford Road corridor using a permit and public transport system. Under the Masterplan, all visitors would be required to have a permit to access the road beyond Eglinton Reveal, and international visitors would be required to use a park-and-ride bus service.

We have assessed that the Masterplan proposals lack feasibility in several critical areas:

- > Regulating road access for the purposes proposed is not feasible under the status quo but could be achieved with legislative change to the Land Transport Management Act which we have assessed as problematic and may give rise to precedent concerns.
- > Restricting the rights of New Zealanders to access the area by private vehicle is unlikely to outweigh the benefits of reduced usage and may be perceived to unnecessarily infringe on rights to freedom of movement.
- > Implementing a single hop-on-hop-off bus service would displace current providers and would not be as responsive to the different international visitor segments as a park-and-ride approach that enables multiple operators to provide a range of services.

The long-listing approach identified the following five managed access options. These are not mutually exclusive and one or more may be delivered in tandem.



**Table 7. Managed access options to take forward to short-listing**

Option	Description	Implications	Interdependencies
<b>Managing access through a modified version of the Masterplan's vision</b>	Require domestic visitors travelling by private vehicle to book a free permit (total permits capped each day) and require international travellers to arrive via public transport alternatives, with stops along the corridor to disperse visitors (i.e. the Masterplan approach)	<p>This option takes a more restrictive and all-encompassing approach to managing congestion in Piopiotahi Milford Sound that pushes visitors who arrive by road to travel in a certain way, while recognising that significant legislative change is required.</p> <p>It requires significant legislative change (particularly with regards to common law rights and the Bill of Rights Act 1990 (BORA)). It may be highly contentious and politically unpalatable, particularly for New Zealanders who wish to access the national park freely.</p>	Only feasible under Option 5: Pristine and reduced use. It would require a coordinated approach to ensure there is sufficient capacity for all international visitors to use concessioned transport methods and strong enforcement mechanisms.
<b>Managing access via operator activities</b>	Manage access through re-negotiated conditions in concessions that encourage operators to schedule and disperse visitor flows throughout the day, with all visitors encouraged to use transport concessionaires	<p>This option would manage congestion by shifting behaviours through the concessioned activities' capacity and timing.</p> <p>The framing of the option may need to recognise this managed access model as a permission to operate on conservation land to avoid the perception of Government intervening in private business.</p> <p>Legislative change would be limited under this approach.</p>	Would be feasible under options 3 and 4. It may also require renegotiation of concession conditions or new powers within the Piopiotahi Investment and Delivery Entity's legislation to operationalise.
<b>Managing access via a permit system</b>	Manage access solely through use of a permit system for domestic and international visitors with a daily cap on visitors, and re-permitted access for a private vehicles	<p>This option takes a more restrictive approach (albeit to a lesser extent than the masterplan) to managing congestion by incentivising all visitors to travel in a certain way. It may be an alternative to renegotiating concessions should that be considered unfavourable. This approach would require significant legislative change (particularly with regards to common law rights and BORA). It may be highly contentious and politically unpalatable for all visitors (domestic and international).</p> <p>This option is not supported by Te Rūnanga o Ngāi Tahu for Ngāi Tahu whānui.</p>	Would be feasible under Option 5 where there is public acceptance and support of the need to restrict access to preserve Piopiotahi Milford Sound for the future.
<b>Managing access via nudge through pricing and carparking limits during peak times</b>	Manage access through restrictions on car-parking and pricing to manage demand and incentivise visitors to use concessioned transport over private vehicles	<p>This option would manage access of visitors who arrive by the road in a light-touch manner without legislative change.</p> <p>This option still impacts most visitors, particularly self-drive but its impact on demand may be limited unless pricing and limits are particularly restrictive. This may be at odds with providing a world-class visitor experience.</p>	Would be feasible under all options and could be implemented relatively easily (depending on concessions for existing carparks). The cumulative impact of charges on visitors would need to be factored in to avoid pricing visitors out of the overall experience.
<b>Managing access via nudge through new transport options and visitor experiences/</b>	Manage access through delivering new transport options that act as an alternative to private travel and introducing visitor	This option may encourage behaviour change for some visitors and spread visitors throughout the park more evenly through the day.	Would be feasible under Options 4 and 5 with a higher charge to fund investment into the new transport options and visitor



Option	Description	Implications	Interdependencies
accommodation along corridor	experiences/accommodation along corridor that disperse visitors	<p>The effectiveness of this option may rely heavily on recognising different visitation patterns and itineraries.</p> <p>This will provide benefits for all visitors, including those who visit the Fiordland National Park without going to Piopiotahi Milford Sound.</p>	experiences/accommodation to incentivise behaviour change. This would be feasible under Option 3 but a lower investment envelope might limit the extent to which behaviour might change.

## Concessions

Concessions and other forms of regulatory permissions play four key functions within the conservation system:

- > **Delivering effective land management**—ensuring that any activities maintain the values of public conservation land. It enables DOC to control which activities can occur, assess any adverse effects and apply any conditions necessary for the activity to take place.
- > **Providing well-governed access opportunities**—enabling appropriate private use and development of public conservation land needs. A clearly regulated environment gives legitimacy to that use, provides a reasonable level of certainty and clarifies responsibilities.
- > **Securing a fair return to the public from private use and development of a public asset**—this is typically done through payment of a royalty when the use of public conservation land results in commercial gain. DOC generally refers to these royalties as activity fees.

- > **Clarifying public and private entitlements and responsibilities**—concession agreements clarify entitlement and responsibilities for both parties in situations where both DOC and the concessionaire have interests and duties relating to the activity.

As it relates to this business case, concessions will support the following objectives:

- > Commercial activities enable the preferred option and the outcomes needed, including visitor management, experience, integration of the cultural narrative, and conservation values.
- > Concession arrangements enable private enterprise, incentivise innovation and investment, and promote competitive tension and sustainable tourism.
- > Impacts on existing rights holders are understood and managed appropriately consistent with achieving the Masterplan goals.
- > Treaty responsibilities are met, including those set out in Treaty Settlement legislation.

The long-listing approach identified the following 3 options for approaches to concessions.

Table 8 Concessions options to take forward to short-listing

	Description	Implications	Interdependencies
Reactive and effects based management	This approach would be a continuation of the status quo, with concessions allocated reactively, conditions focused on effects management and limited oversight. Any changes are implemented on expiry.	While this approach involves minimal demands and expectations on DOC and operators, it is unlikely to be sufficient level of intervention to achieve the key objectives for the area. Legislative change is not necessary.	Feasible under Options 1 and 2 as it achieves minimal change with minimal impact.



	Description	Implications	Interdependencies
Moderately proactive and strategic management	This approach would seek to align concessions more closely with the desired outcomes for Piopiotahi Milford Sound. It would take proactive allocation approaches, use targeted conditions with higher standards and manage proportionally to ensure key concessions deliver those outcomes. There will be options within this approach to amend concessions on expiry, renegotiate and/or compulsorily acquire where necessary.	This approach takes a shift in expectations and proactivity required to improve outcomes, with the more moderate levels of intensiveness providing better value for money, achievability, affordability with more gradual implications for capacity and capability.	Feasible under Options 3 and 4 as it would achieve a step change in outcomes.  This requires a Piopiotahi Investment and Delivery Entity with a high degree of capability and capacity, clear direction for the area in the planning framework, and changes to legislation to provide certainty and enable the transition.
Highly proactive and strategic management	This option would represent a more directive approach to require delivery of desired outcomes. It would use perspective allocation approaches and conditions, with high standards and intensive management to ensure outcomes are achieved	While the high degree of expectations and intensive management is likely to achieve world class visitor and management outcomes, this level of intensiveness may be disproportionate to the outcome sought to be achieved with low achievability, affordability and high demands and capacity and capability.	This is only feasible under Option 5 as it takes the intensive management approach needed to achieve a premium experience that minimise environmental impacts to a pristine level. Would require a Piopiotahi Investment and Delivery Entity with a high degree of capability and capacity, clear direction in the planning framework, and changes to legislation.

## International Visitor Access Charge (IVAC)

The Strategic Case outlines two investment objectives that have a direct link with the proposal for an IVAC on international visitors.

- > the investment is supported by a self-funding, sustainable commercial model as much as possible
- > the visitor experience is world-class, enhances conservation and community

A charge contributes to these objectives by providing a means of capturing some of the benefits of tourism to offset adverse effects and 'give back' to the protection of the place for the community, mana whenua and future generations.

The key considerations for applying a charge to visitors include:

- > decisions on **which types of visitors are liable to pay** the charge, such as different nationalities
- > decisions on **differentiated pricing** for different categories of arrivals, such as reduced rates for children or seasonal pricing.

- > **collection and enforcement mechanisms**, including whether to require existing commercial operators to collect the charge on behalf of the charging authority
- > the scale of **what the charge should fund**, and therefore the rate that should be set
- > whether the charge should be used to **nudge visitors into different behaviours**, such as arriving at off peak times, or by different modes of transport

Kantar research indicates a general high willingness to pay for international visitors, and globally, it is common practice to charge for access to premier national parks (for example, Uluru-Kata Tjuta National Park, Northern Territory Australia; Yosemite National Park, California USA; Banff National Park, Alberta Canada).

Decisions taken in relation to the charge have interactions with:

- > Infrastructure development, its affordability and the extent to which the charge can afford to give back to environmental and community initiatives. IVAC revenue is a function of the IVAC rate and its coverage.



- > The impact the charge has on overall levels of visitation, particularly for visitors that are price sensitive or more likely to visit alternative attractions (i.e. those with highly elastic demand).
- > Concessions for operations in the national park, in that some of the charge collection mechanisms involves requiring, likely through negotiation, concessionaires acting on behalf of the charging authority.
- > Managed access: there are options to use the charge as a proxy demand management tool, for example in time-specific pricing. Furthermore, decisions to implement a permitting system to manage access, would have clear administrative interactions with charge collection. While we have not considered this in detail, there are limits to this approach with the primary constraint being around implementation as it would require manned collection point(s) along the corridor and a need to consider 'zoning' for charges and shifting to daily levies which may complicate its introduction. The ability to use dynamic pricing could be included in

legislation so that the concept could be revisited when the charge is in place.

Across all IVAC options, we have concluded that:

- > only international visitors would be charged
- > children (14 and under) should be discounted, consistent with pricing by operators in Piopiotahi Milford Sound and other visitor attractions in New Zealand
- > the charge should be priced at a level that also enables investment into conservation and environment outcomes, given insights from market research and local engagement that suggests a charge would lose public support if it was not used to support conservation outcomes at place, and
- > the charge should be valid for a multi-day period (7 days) so that visitors staying overnight only pay once.

The main design element that could be varied (apart from price) is how it should be collected and potentially enforced. These choices are presented below. Note we consider the options for different IVAC rates in the Financial Case as well as alternative revenue options.

Table 9. IVAC design options to take forward to short listing

Option	Description	Implications	Interdependencies
IVAC collected through transport concessionaires and pre-arranged permits (Masterplan option)	Visitors would be required to obtain a permit to enter Piopiotahi Milford Sound with payment of the charge required on application for the permit. The charge would be collected through concessionaires offering transport services to Piopiotahi Milford Sound.	This option aligns with establishment of a permit system for entering Piopiotahi Milford Sound and simplifies the visitor experience as it provides a single point for both application for the permit and payment of the charge.	<ul style="list-style-type: none"> <li>&gt; This option relies on a permit system being developed — separately discussed in managed access.</li> <li>&gt; Requires renegotiation of concession arrangements.</li> </ul>
IVAC collection through self-initiated payments	Charge collected from visitors directly through online platform, or at collection points	This option minimises the impact for concessionaires as there would be no need to renegotiate concessions and they would avoid the added administrative burden	<ul style="list-style-type: none"> <li>&gt; Likely requires an enforcement mechanism through, for example, rangers at Piopiotahi Milford Sound checking for proof of charge payment</li> </ul>
IVAC collection through all concessionaires	Levies included in fares with all concessionaires operating in Piopiotahi Milford Sound.	This option places greater administrative burden on concessionaires but simplifies the requirements for visitors, who would pay for the charge as part of their booked experience	<ul style="list-style-type: none"> <li>&gt; Requires new terms for concession arrangements.</li> <li>&gt; Requires careful management of a verification system to ensure that visitors weren't asked to pay the charge twice</li> </ul>



## Cruise ship access

The Masterplan proposed removing access for large cruise ships entering Piopiotahi Milford Sound, on the basis that this created visual obstruction for visitors arriving by land and air, raised concerns about smoke from cruise ship exhaust remaining in the inversion layer after they leave the area and a perceived conflict with the vision of a pristine natural environment.

Kantar research indicates a strong public sentiment among international and domestic visitors to remove access for cruise ships to Piopiotahi Milford Sound, with many citing environmental concerns.

A decision on the access rights for large cruise ships can be taken in relative isolation from the other major decisions in this business case given it does not raise critical dependencies with other aspects of the proposed approach that will need to be managed differently depending on whether access is retained or removed.

It does present some key interactions with the proposed approach, including:

- > whether additional restrictions on cruise access sufficiently alleviates negative impacts on the visitor experience, conservation, and the environment.
- > the impact on the pace of infrastructure development, as retaining access for cruise ships will enable greater revenue from the IVAC to be generated from its introduction and
- > the scale of revenue generated through the application of the IVAC to cruise passengers entering Piopiotahi Milford Sound, and its ability to give back to conservation and environment projects

A summary of the key choices and assessment against the critical success factors is presented below in Table 10.

Table 10. Short list options for cruise ship access

Option	Assessment against Critical Success Factors	Summary comment
<b>Maintain status quo on cruise ship access</b>	<p><b>Strategic Fit and Business needs</b></p> <ul style="list-style-type: none"> <li>+ Risks a deteriorated visitor experience and perception of wilderness at Piopiotahi Milford Sound</li> </ul> <p><b>Value for Money + Affordability</b></p> <ul style="list-style-type: none"> <li>- Increasing surface water activities in Piopiotahi Milford Sound, including cruise access, risks negative impacts on the environment.</li> <li>+ However additional charge revenue from cruise passengers enables greater scope of conservation initiatives.</li> <li>+ Additional IVAC revenue supports a more affordable project overall by bringing in more revenue in the near term, thereby lowering the required debt levels.</li> </ul> <p><b>Achievability</b></p> <ul style="list-style-type: none"> <li>+ Does not require any change in legislation, regulation or planning.</li> </ul>	<p>Retaining cruise ships and applying a charge to their passengers will materially increase the revenue and the subsequent ability to offset adverse effects and give back to the protection of the place. However, this risks creating a visual conflict in Piopiotahi Milford Sound, where views can be obstructed and visitor perception of wilderness is subsequently weakened. In the longer-term there is a risk that this will contribute to a deterioration of the visitor experience.</p>
<b>Change, but don't eliminate cruise ship access</b>	<p><b>Strategic Fit and Business needs</b></p> <ul style="list-style-type: none"> <li>+ Enables decision makers to lower the impact of cruise ship access on the experience of visitors arriving by land or air.</li> <li>+ Enables decision-makers to impose further environmental regulations on cruise ships as necessary to protect Piopiotahi Milford Sound.</li> </ul> <p><b>Value for Money + Affordability</b></p> <ul style="list-style-type: none"> <li>- Lowering revenue from cruise ship passengers will reduce the scope of conservation and environment initiatives funded.</li> <li>- Lowering IVAC revenue will reduce revenue in the near term, which will increase the required debt levels to achieve the infrastructure build.</li> </ul>	<p>Retaining access for cruise ships, but with modified terms, could support a better visitor experience for visitors arriving by land, by exploring options such as scheduling cruise ships to move through the waterway at off peak times only. However, doing so could deteriorate the affordability of the project, by reducing the IVAC revenue from cruise passengers.</p>



Option	Assessment against Critical Success Factors	Summary comment
	<b>Achievability</b> <ul style="list-style-type: none"> <li>– Could require a change in legislation, to give effect to the changes by, for example, compelling Environment Southland to change its Coastal Plan.</li> </ul>	
<b>Remove cruise ship access</b>	<b>Strategic Fit and Business needs</b> <ul style="list-style-type: none"> <li>+ Removes risks of deterioration of a conflict in the experience of visitors arriving by land and air.</li> <li>+ Supports the perception of wildness among visitors.</li> </ul> <b>Value for Money + Affordability</b> <ul style="list-style-type: none"> <li>– Removing the ability to collect IVAC revenue from cruise passengers will limit the scope of conservation and environment initiatives.</li> <li>– Removing the IVAC revenue from cruise passenger will deteriorate affordability of the project overall, requiring higher debt levels in the near term.</li> </ul> <b>Achievability</b> <ul style="list-style-type: none"> <li>– Requires at least a change to the Environment Southland Coastal Plan. May also require legislation to give effect to the change and lower the legal risk of a plan change.</li> </ul>	<p>Removing access for cruise ships fits with the intention of the Masterplan, by removing visual conflict with visitors arriving by land, and supports the restoration of wilderness. However, it creates significant affordability challenges deteriorating the revenue base of the IVAC, and limiting the Piopiotahi Investment and Delivery Entity's ability to fund conservation and environment initiatives.</p>
<b>Defer a decision for a fixed period</b>	<b>Strategic fit and business needs</b> <ul style="list-style-type: none"> <li>+ Allows for monitoring, and for the Piopiotahi Investment and Delivery Entity to work with Environment Southland to be clear about what aspects of cruise ship access are of concern, and need to be addressed.</li> <li>+ collection of the IVAC on cruise passengers supports conservation and environment initiatives.</li> </ul> <b>Value for money and affordability</b> <ul style="list-style-type: none"> <li>+ supports revenue collection of the IVAC during the construction phase of the project, improving affordability overall.</li> </ul> <b>Achievability</b> <ul style="list-style-type: none"> <li>+ Allows time post-establishment of the Piopiotahi Investment and Delivery Entity to determine suitable roles and responsibilities between it and Environment Southland.</li> </ul>	<p>Deferring a decision for a fixed period will allow for monitoring of the effects of cruise ships in Piopiotahi Milford Sound, supporting work to determine which levers to use to manage cruise access. It will also support affordability in the project, by allowing for collection of the IVAC on cruise passengers for a period of time.</p>

We have concluded that cruise ship access should be retained for ten years following implementation of the IVAC, with passengers on cruise ships being required to pay the IVAC for entry into Piopiotahi Milford Sound. During this period, active monitoring of the effects of cruise access should be undertaken, with the potential to work with Environment Southland on regulatory approaches during this time should

any issues emerge. Thereafter, the main design elements that could be varied include determining the most appropriate management and governance structure to guide or take future decisions on varying the specific features of cruise ship access in Piopiotahi Milford Sound, which could, for example, scheduling cruise ships to avoid conflicts with visitors arriving by land.



## 3.4 Shortlist and evaluation

This section sets out the analysis of shortlisted options following the options long-listing process. It outlines the implications and trade-offs of each option, and identifies the preferred option.

### KEY POINTS

- 1 Our approach reflects the dual direction provided on options from both top-down' ambition and intent and 'bottom-up' long-list analysis.
- 2 Based on the interdependencies between different choices we have assembled 5 options packages of varying degrees of intent and ambition.
- 3 Key trade-offs raised by the options evaluation include:
  - > exclusivity and freedom of access vs the impact on the environment – greater restriction of access and movement helps to alleviate pressure on the environment at the expense of personal freedoms particularly for mana whenua and local staff and residents.
  - > the extent to which conservation activities can be funded vs provision of better infrastructure and improved visitor experiences to create a sustainable revenue stream from the IVAC – the rate of the charge will need to balance these interdependent considerations.
  - > minimising disruption and change vs responding to increased awareness of risks and hazardsThere is a key choice between pursuing transformational change in how the place is managed and how the visitor experience is enhanced or making marginal improvements over time which will be instructive for the choice between options 3 and 4
- 4 The preferred option (option 4) would deliver the Masterplan's vision and scores highly against all investment objectives. It would undertake immediate interventions to enable regenerative management, significant investment to increase visibility of cultural narrative and Ngāi Tahu footprint, and seek to effectively manage the impact of tourism through a booking system for parking, enabling better transport choices through concessions opportunities and pricing for entry. Revenues from the entry fee will be invested back into the place via a dedicated "Piopiotahi Protection and Restoration Fund".
- 5 Option 4 would also create new commercial opportunities for private enterprise and reduce regulatory uncertainty to enable investment and innovation to enhance the visitor experience and benefit the regional economy.
- 6 This option most closely aligns with the original intent of the Masterplan, although it has some changes that are proposed because of the current feasibility testing particularly informed by seismic risks analysis.



## Options shortlist

We developed an options framework to assist with assembling packages of options for the business case shortlist. This is detailed in the table below.

**Table 11: Shortlisted options**

Option (working titles)	Option 1: Status quo—Declining visitor experience and conservation outcomes	Option 2: Focused infrastructure investment—modest charge	Option 3: Enhanced visitor experience—with charge	Option 4: World class experience—with charge	Option 5: Pristine and reduced use—with charge
<b>Brief description</b>	<p>This option does not provide any material funding, institutional or regulatory changes, but uses existing mechanisms to coordinate and improve combined efforts at Piopiotahi Milford Sound.</p> <p>Maintain BAU while minimising possible harm to conservation values.</p>	<p>This option would provide for incremental changes to regulatory and operational settings to better disperse visitors and improve the visitor experience and mitigate negative conservation effects.</p> <p>Some new tools to manage access would be introduced including a statutory charge to provide a new funding and financing stream for upgrades and maintenance.</p> <p>Upgrades to infrastructure would focus on corridor enhancement.</p>	<p>This option would deliver a step change in how visitors and the conservation estate are managed, with the intent to deliver core elements of the Masterplan vision over the long-term.</p> <p>Investment in conservation is limited to mitigating negative effects.</p>	<p>This option would deliver the Masterplan's vision. This approach would undertake immediate interventions to enable regenerative management, significant investment to increase visibility of cultural narrative and Ngāi Tahu footprint, and seek to effectively manage the impact of tourism across land and waters.</p> <p>This option most closely aligns with the original intent of the Masterplan, although it has some changes that are proposed because of the current feasibility testing particularly informed by seismic risks analysis.</p>	<p>This option would provide limited access to Piopiotahi Milford Sound itself with a strong conservation focus.</p> <p>Further tourism and infrastructure investment would have an emphasis on less exclusive experiences along the corridor, with less infrastructure within Piopiotahi Milford Sound itself.</p> <p>Removal of the aerodrome and replacement with planting and greenspace.</p>
<b>Visitor experience &amp; conservation impact</b>	<ul style="list-style-type: none"> <li>&gt; Place and visitor experiences likely to continue to decline.</li> <li>&gt; Continued risk to conservation and biodiversity outcomes within Piopiotahi Milford Sound.</li> <li>&gt; This option is unlikely to meet the aspirations of Ngāi Tahu.</li> <li>&gt; No ability to fund additional conservation activities.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Introduces greater choice of experiences and activities along the corridor and new commercial opportunities.</li> <li>&gt; A new Anau Gateway to introduce the experience, increase more multiple-day visitors and reduce weather dependency.</li> <li>&gt; Some ability to spread visitors through more experiences distributed throughout the journey.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Visitor experience is modernised, with more diverse experiences offered, however wow experiences such as the sense of arrival in Piopiotahi Milford Sound are unable to be implemented.</li> <li>&gt; Travel flows are smoothed, and mode shift encouraged through the introduction of carpark booking systems and management of vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Level of investment befitting a world class experience across different investment choices and to enable integrated management consistent with Ki Uta Ki Tai.</li> <li>&gt; Travel flows are further smoothed with the introduction of additional levers to manage access.</li> <li>&gt; Investment is heavily tilted towards places for accessing transport options, compared to self-drive options.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Encourage visitors to spend a greater amount of time in and around the Corridor rather than in Piopiotahi Milford Sound itself.</li> <li>&gt; Significant increase in conservation-related activity.</li> <li>&gt; Seek to return Piopiotahi Milford Sound to a more 'natural' environment, with limited additional investment in infrastructure within Piopiotahi Milford Sound itself (costs</li> </ul>



Option (working titles)	Option 1: Status quo—Declining visitor experience and conservation outcomes	Option 2: Focused infrastructure investment—modest charge	Option 3: Enhanced visitor experience— with charge	Option 4: World class experience— with charge	Option 5: Pristine and reduced access—with charge
Visitor experience & conservation impact		<ul style="list-style-type: none"> <li>&gt; Increased opportunity to support cultural narrative.</li> <li>&gt; Limited ability to fund conservation activities over the longer term.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Creates new concession opportunities predominantly in the corridor.</li> <li>&gt; Significant investment in a strengthened cultural narrative.</li> <li>&gt; Some improvement in conservation outcomes at the margins of investment.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New and significant experiences to be included within Piopiotahi Milford Sound and the corridor.</li> <li>&gt; Higher charge means significant increase in funding available for complementary conservation activities and world class nature experiences via a Piopiotahi Protection and Restoration Fund.</li> <li>&gt; Significant uplift in cultural narrative and Ngāi Tahu footprint throughout.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; associated with restoration to natural state included).</li> <li>&gt; Would require the cancellation and/or renegotiation of several concession arrangements with fewer new commercial opportunities than option 4.</li> <li>&gt; Limiting access to Piopiotahi Milford Sound to premium visitors may reduce visitation and revenue from any charge, given that Piopiotahi Milford Sound is the main draw to Fiordland National Park.</li> </ul>
How should access be managed?	<ul style="list-style-type: none"> <li>&gt; Incremental improvements, primarily through the Milford Road Alliance</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Improvement to the management of access occurs over time through existing and new concession arrangements to spread the flow of visitors and reduce congestion.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Improved model for managing access through concession arrangements.</li> <li>&gt; Introduce incentives for visitors to reduce private vehicle use.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Managed access model in place to optimise visitor flow primarily through concession arrangements and management of carparking.</li> <li>&gt; Provision of alternative transport options through new concession arrangements to reduce private vehicle use.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Restrictions on access via private vehicle and a permitting system in place.</li> <li>&gt; Alternative transport options in place.</li> </ul>
What infrastructure should be prioritised? (detailed list of infrastructure provided in Appendix 3.2)	<ul style="list-style-type: none"> <li>&gt; Renewals and maintenance activity required to maintain current levels of service.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintain current level of service.</li> <li>&gt; Modest investment in cultural narrative.</li> <li>&gt; Targeted investment in small number of corridor experiences to achieve incremental dispersal of visitors.</li> <li>&gt; Minimal change in Piopiotahi Milford Sound itself.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New and improved experiences and accommodation options in the corridor, to disperse visitors.</li> <li>&gt; Improvements in Piopiotahi Milford Sound focused on enabling smooth flow of visitors and ferry terminal improvements.</li> <li>&gt; Moderate reduced car parking (40%).</li> <li>&gt; Investment in cultural narrative within the Milford corridor and Piopiotahi Milford Sound itself.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New and improved experiences and accommodation options in the corridor, to disperse visitors.</li> <li>&gt; Provision of further short experiences in Piopiotahi Milford Sound to complement the boat cruise.</li> <li>&gt; Ferry terminal improvements.</li> <li>&gt; Significantly reduced car parking (60%).</li> <li>&gt; Investment in cultural narrative within the Piopiotahi corridor and Piopiotahi Milford Sound</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Limited further visitor infrastructure in Piopiotahi Milford Sound, with the focus being to limit the physical footprint.</li> <li>&gt; Refurbishment of existing visitor centre and provision of look out points and short walk experiences.</li> <li>&gt; New and improved experiences and accommodation options in the corridor, to disperse visitors.</li> </ul>



Option (working titles)	Option 1: Status quo—Declining visitor experience and conservation outcomes	Option 2: Focused infrastructure investment—modest charge	Option 3: Enhanced visitor experience— with charge	Option 4: World class experience— with charge	Option 5: Pristine and reduced use— with charge
What infrastructure should be prioritised? (detailed list of infrastructure provided in Appendix 3.2)				<ul style="list-style-type: none"> <li>itself and provision of cultural tourism experiences.</li> <li>&gt; New spatial layout to provide a sense of arrival and reduce infrastructure footprint in key locations (e.g. on the foreshore of the Cleddau Delta and prominence of the visitor centre).</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Investment in cultural narrative within the Piopiotahi corridor and Piopiotahi Milford Sound itself and provision of cultural tourism experiences.</li> <li>&gt; Highly reduced car parking (80%).</li> <li>&gt; Removal of fixed wing runway.</li> </ul>
How should commercial activities be managed?	<ul style="list-style-type: none"> <li>&gt; Work within current concession framework and renegotiation as terms expire.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Renegotiate concessions on good faith to achieve outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Renegotiation of concessions to achieve visitor experience and conservation outcomes.</li> <li>&gt; New concessions opportunities created through new experience and infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New (bespoke) concessions approach introduced with greater scope for setting conditions relevant to the visitor experience and conservation outcomes.</li> <li>&gt; Renegotiation and re-issuing of concessions with a view to promoting competition and enabling innovation/enterprise.</li> <li>&gt; New concessions opportunities created through new experiences and infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New (bespoke) concessions approach introduced with greater scope for setting conditions relevant to the visitor experience and conservation outcomes.</li> <li>&gt; Renegotiation and re-issuing of concessions with a view to promoting competition.</li> <li>&gt; New concessions opportunities created through new experiences and infrastructure.</li> </ul>
How should it be funded?	<ul style="list-style-type: none"> <li>&gt; Funding from agency baseline.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Introduction of a modest charge</li> <li>&gt; Seek funding through other funding sources (e.g. NLTF).</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Introduction of charge to fund key infrastructure upgrades and conservation projects.</li> <li>&gt; Potential requirement for Crown funding.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Introduction of charge to fund and finance infrastructure upgrades and conservation projects on an ongoing (financially sustainable) basis.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Introduction of charge to fund and finance infrastructure upgrades and conservation projects on an ongoing (financially sustainable) basis.</li> </ul>
Governance and delivery implications	<ul style="list-style-type: none"> <li>&gt; Likely to be delivered through existing planning (FNPMP) and delivery arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Likely to require incremental changes made through existing planning and institutional arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Likely to require non-statutory instruments to establish shared vision and strategy to guide how DOC, local government, iwi and private operators act.</li> <li>&gt; Existing roles likely to continue.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New approach and possible introduction of a Piopiotahi Investment and Delivery Entity (either within DOC or separate), backed by new and/or adapted statutory instrument(s).</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New approach and possible introduction of a Piopiotahi Investment and Delivery Entity (either within DOC or separate), backed by new and/or adapted statutory instrument(s).</li> </ul>



## Summary of evaluation

There are several key trade-offs across the options.

### Exclusivity and freedom of access vs the impact on the environment

Options 5 and 1 illustrate the extreme ends of this trade-off. Under the status quo, freedom of access and movement for all is creating significant pressure on the environment. This option enables visitors and recreational users to enjoy the place freely while in the short term there are limited costs and disruptions for operators. However, if left unchecked this option would result in a loss of mana for the place and ultimately a compromised visitor experience.

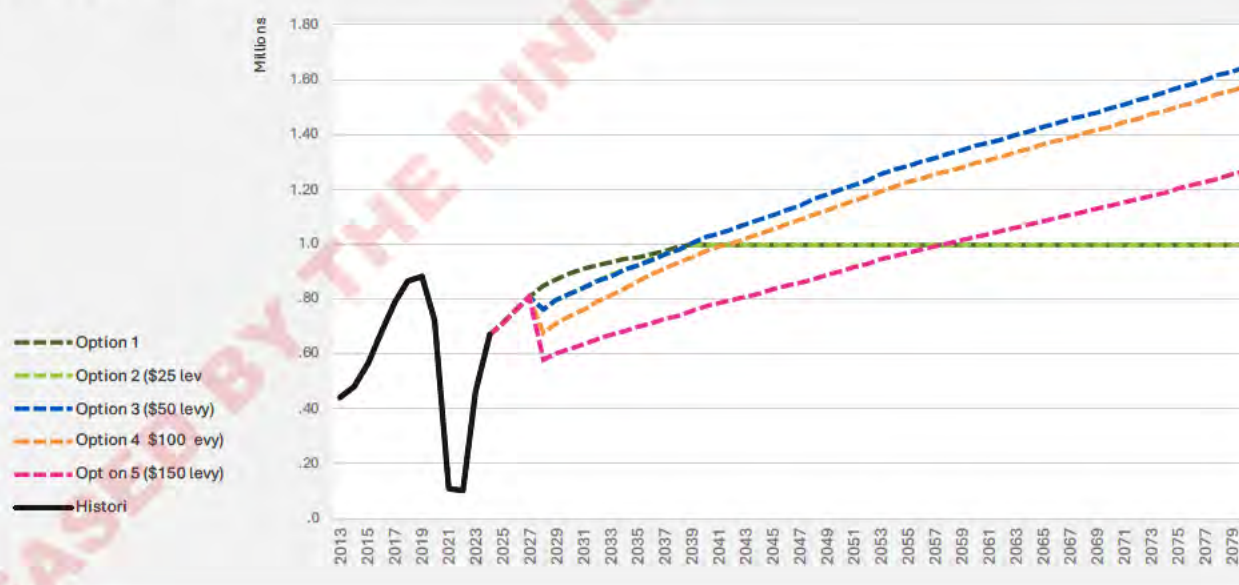
Option 5 on the other hand restricts access to visitors with a higher willingness and ability to

pay for a premium experience, with a high priority on restoring the mana of the place. This option results in more restrictions on movement and likely makes the place inaccessible for a proportion of visitors.

Under both options mana whenua face barriers to re-establishing themselves in the place and creating opportunities to thrive as a result of their strong connection to the place.

Options 3 and 4 sit closer to the middle of the spectrum, balancing the need for better management of visitors and the pressure that a lack of management places on the environment. Option 3 provides a more limited approach to managing visitors, with fewer levers to disperse visitors, reliance on operational capacity limiting visitors (e.g. power, boat capacity) and a smaller funding envelope for conservation, while Option 4 introduces stronger management levers, increase handling capacity and establishes a larger revenue stream for conservation.

Figure 2. Visitor forecast scenarios



Source: Infometrics

### The rate of the IVAC and extent to which conservation activities can be funded vs provision of better infrastructure and improved visitor experiences to create a sustainable revenue stream

The rate of the charge is heavily linked with the visitor experience and the ease of doing business for operators. Without a strong proposition for both visitors and operators, the introduction of a charge will be challenging. In

options 2 and 3 where there are limited improvements suggested for the visitor experience and to ease the current pressures on operators, setting the charge at too high a level risks raising questions on its value. At the same time, a higher charge is necessary to enable sufficient funding to be put into improving the conservation values of the place. It is only at options 4 and 5 where there is sufficient basis for charging a high enough rate (\$100 to \$150) to satisfy those expectations.

Figure 3. Comparison of conservation and environment fund NPV in each option (\$m)



Source: Milford Opportunities Project Visitation and Financial Modelling

There is a need to balance creation of new economic opportunities that bring visitors and revenue, with appropriately managed visitor volume to stem the pressures on the environment and enable conservation initiatives to be implemented in a way that addresses and reverses the impacts on the environment. Engagement with local communities and visitors and the experience with similar levies overseas suggests that visitors need to see a strong link between the fee they pay and the benefits that delivers for the environment to build public support.

### Enabling broader economic benefits from construction and conservation activities

We have undertaken a static economic impact analysis to identify the additional GDP and employment that will be generated by the construction of physical assets and delivery of conservation activities in Piopiotahi Milford Sound, the Milford Corridor and Te Anau.

Economic impact analysis estimates the contribution that an activity makes to a geographical area in terms of output, GDP and employment. Given the uncertainty over where the funding for conservation could be allocated, the analysis should be treated as indicative only.

There is also uncertainty over the level of capacity and capability in the market to scale up



to deliver the increased investment. The analysis assumes that the market can deliver the expected uplift over time but possible limitations are discussed further in the Commercial Case.

The estimated impacts are documented in Table 12 and Table 13. These are based on the anticipated annual expenditure on infrastructure over the construction period and conservation over the full 50-year assessment period. Given the broadly similar infrastructure funding envelope in Options 3, 4 and 5, the impacts are relatively similar with option 4 being slightly higher than both given the slightly larger capital expenditure profile.

Conservation expenditure is highest in option 5, generating the largest economic benefit, however this needs to be weighed alongside the constraints the option imposes on traveller movements within Piopiotahi and the amount of new commercial opportunities which will have a material effect on regional jobs and GDP. Option 4 appears to provide the best balance of conservation expenditure alongside opportunities to capitalise on the Piopiotahi experience and create new commercial opportunities for mana whenua and operators.

**Table 12. Economic impacts across the options - infrastructure**

Option	Employment (FTEs)				GDP (\$m)			
	Direct	Indirect	Induced	Total	Direct	Indirect	Induced	Total
Option 1	0	0	0	0	0	0	0	0
Option 2	25	17	6	47	3.0	2.1	1.0	6.1
Option 3	105	70	24	199	12.8	8.8	4.2	25.8
Option 4	114	75	26	215	13.8	9.5	4.6	27.9
Option 5	105	69	24	198	12.7	8.7	4.2	25.7

**Table 13. Economic impacts across the options – conservation/environment**

Option	Employment (FTEs)				GDP (\$m)			
	Direct	Indirect	Induced	Total	Direct	Indirect	Induced	Total
Option 1	0	0	0	0	0	0	0	0
Option 2	131	40	22	193	15.0	5.0	3.9	24.0
Option 3	109	33	18	160	14.6	4.9	3.8	23.3
Option 4	403	122	68	594	46.3	15.5	12.1	73.9
Option 5	559	170	95	824	64.2	21.5	16.8	102.6

Source: Milford Opportunities Project Economic Impact Analysis

### Minimising disruption and change vs responding to increased awareness of risks and hazards

Emerging evidence and insight into the specific natural hazards facing Piopiotahi Milford Sound has weighed heavily on the Board's assessment

of options and the choices of infrastructure to be included, and where they should be located.

The presence of natural hazards in Piopiotahi Milford Sound and the Corridor is not new, with significant exposure to landslides, avalanches, and rockfalls which are all being managed under existing strategies, including through the Milford Road Alliance.



During the Board's feasibility testing, the evidence on the risks posed by an Alpine Fault earthquake of magnitude 8.0 or greater has gained prominence as further research into the risk has been undertaken. A landslide-induced tsunami impacting Piopiotahi Milford Sound has been identified as the greatest natural hazard risk facing the project, requiring new mitigation measures.<sup>1</sup>

Expert research and analysis has identified that there is a 75% probability of an Alpine Fault earthquake occurring within the next 50 years, for which there is a 44% probability of a landslide entering the Fiord which could create a landslide induced Tsunami. Such an event would be catastrophic, posing significant risk to life.

While the Board is not opposed in principle to the concept of accommodation within Piopiotahi Milford Sound village, given this increased risk profile, the Board considers that it is appropriate to reduce the overall

accommodation presence at Piopiotahi Milford Sound.

Reducing and moving current accommodation for both visitors and local staff is a significant undertaking which will create disruption for private businesses and individuals.

As such, recognising this increased risk and to reduce the overall risk exposure, Options 4 and 5 will:

- > shift staff accommodation away from the village (apart from a skeleton personnel),

s9(2)(b)(ii)

A tsunami in Milford Sound triggered by a landslide may have wave heights as high as 10m, runup heights up to 47m in Freshwater Basin, which would likely leave no survivors, with more than 3,500 fatalities if the wave hits during the peak of the tourist season.<sup>2</sup>

Visitors are exposed to increased risk during prolonged stays, such as overnight. We therefore consider it infeasible to further develop accommodation infrastructure in the village, other critical overnight servicing, and consider it preferable to relocate existing accommodation in the village to alternative sites.<sup>3</sup>

A formal evacuation plan is often part of the solution however, this is unlikely to be effective for the vast majority of landslide-induced tsunamis due to the 2–7-minute arrival time of tsunami waves at the shore in Milford Sound.

A Masters thesis by Harris (2023) recommended focusing efforts on education (increasing signage) and relocating accommodation away from the Cleddau Delta to further mitigate the risk.<sup>4</sup>

WSP has undertaken a tsunami risk assessment for visitors (individual risk per day) and workers (annual individual fatality risk) exposed to the most likely and maximum credible landslide-induced tsunami events in Milford Sound Piopiotahi, and have calculated the risk for workers as:

- > 'Substantial' to 'high/extreme' for Cleddau Delta and Deepwater Basin.
- > 'Substantial' for Freshwater Basin and Visitor Hub.
- > s9(2)(b)(ii)
- > 'Moderate' for Pariora / Cleddau Flats Service Area.

<sup>1</sup> WSP, *Milford Opportunities Project Natural Hazard Assessment Part B: Basic Risk Assessment*, 11 June 2024.

<sup>2</sup> WSP, *Milford Opportunities Project Natural Hazard Assessment Part A: Preliminary Screening Analysis*, 26 March 2024, page 18

<sup>3</sup> WSP, *Milford Opportunities Project Natural Hazard Assessment Part B: Basic Risk Assessment*, 11 June 2024.

<sup>4</sup> Harris, O (2023), *Agent-based Modelling of Evacuation Scenarios for a Landslide-Generated Tsunami in Milford Sound* [Master's thesis, University of Canterbury].



## Whakaari

When Whakaari erupted on 9 December 2019 there were 47 people on the island. The eruption killed 22 and injured 25, some severely. The island was at alert level VAL 2 (moderate to heightened volcanic unrest) when it erupted.

WorkSafe charged 13 parties under the Health and Safety at Work Act. Six parties pleaded guilty to failing to ensure the health and safety of workers or other persons so far as reasonably practicable.

As owner of the island, Whakaari Management Limited (WML) was charged and found guilty under s37 of the Health and Safety Act <sup>5</sup>

“

**under s 37(1), being a PCBU that manages and controls a workplace, namely Whakaari, having a duty to ensure, so far as is reasonably practicable, that the workplace, the means of entering and exiting the workplace and anything arising from the workplace are without risks to the health and safety of any person.”**

The Courts found that the relevant duty was for WML to ensure, so far as was reasonably practicable, that the health and safety of persons it had permitted to be on Whakaari was not put at risk from work carried out as part of the business or undertaking. It was not about eliminating the risk of an eruption, but about minimising the risk as far as was reasonably practicable.

This duty included assessing the risk, consulting, co-operate, and co-ordinating on the hazards, monitoring and reviewing those hazards, ensuring appropriate PPE, and ensuring adequate means of evacuation.

WML is appealing this finding. The case is testing the boundaries of current health and safety law and understanding of responsibilities and accountabilities.

It will be essential that future arrangements pay close attention to these developments and carefully consider appropriate roles and responsibilities across the system, including DOC, any future management entity, and operators (including MSTL).

### THE PREFERRED OPTION IS OPTION 4

The evaluation of options returns Option 4 as the preferred option on the basis that it:

- > Scores highly against all investment objectives and best deliver a world class visitor experience while protecting and enhancing conservation and environmental outcomes in a manner consistent with ki uta ki tai.
- > Provides an opportunity for a reset of the strategic vision and management of the place which can embolden mana whenua, operators, conservation groups and other parties to act in a co-ordinated way to manage the tourism and conservation pressures the place is facing.
- > Provides a shift to a self-funding model that helps to manage the added costs and relieves dependence on the Crown for central funding for the place in the immediate future which is likely to be limited under current fiscal pressures.
- > Provides a step change in the visitor experience, with the creation of new immersive cultural experiences, new accommodation options, walking and cycling trails, and a reduced infrastructure footprint

<sup>5</sup> WorkSafe NZ v Whakaari Management Ltd [2023] NZDC 23224

that enables visitors to experience the full untouched beauty of the place.

- > Gives effect to Ngāi Tahu rights, interests and aspirations through the provision of genuine opportunities for self-determination by participation in decision-making, access to commercial opportunities and a more visible footprint within the place.
- > Helps to manage risk to visitors and workers by developing accommodation options in

areas with less exposure to natural hazard risk.

- > Creates new commercial opportunities for private enterprise, reduces compliance costs and strengthens certainty in the regulatory environment for operators to make investment decisions and innovate which will ultimately enable strong regional growth.

### The difference between option 3 and 4

The Board carefully considered the choice presented between Option 3 and Option 4. In summary the key judgement that Option 4 is the preferred option includes:

- 1) a once in a life-time opportunity to de-risk the Piopiotahi village from the inherent natural hazard and seismic events that are probable within the economic life of the investments proposed by moving visitor and staff accommodation; staff accommodation could be shifted in Option 3 at an approximate cost of \$89 million with a decision required on whether this is shared or met fully by the Crown or IVAC revenue given existing operators would not be able to bear the full cost and may be forced to alter or close their operations as a result
- 2) a significantly higher amount of revenue (close to \$1 billion more over fifty years, inflation adjusted) to enable a wider range of conservation and environmental investments within the Fiordland National Park and associated marine areas
- 3) tourism operators will benefit from a wider range of commercial opportunities enabled by development of nodes along the corridor, particularly a more significantly developed Knobs Flat, supporting more diverse visitor experience and accommodation provision
- 4) legislation could deliver a reset of the strategic vision and management of the place and require co-ordinated decision-making around how the tourism and conservation pressures are managed, backed by greater pace and scale of improvements to the visitor experience
- 5) a streamlined regulatory environment for operators to make investment decisions and innovate, leveraging the new commercial opportunities delivered under this option that will ultimately enable strong regional growth, and
- 6) giving effect to Ngāi Tahu rights, interests and aspirations through the provision of genuine opportunities for self-determination by participation in decision-making, access to commercial opportunities and a more visible footprint within the place.

In combination these factors differentiate why Option 4 rated more favourably against the investment objectives and success criteria.



Table 14. Summary evaluation of shortlist options

Options:		Option 1 - Status quo— Declining visitor experience and conservation outcomes	Option 2 Focused infrastructure investment —modest charge	Option 3: Enhanced visitor experience— with charge	Option 4: World class experience—with charge	Option 5: Pristine and reduced use—with charge
How is access managed?		<ul style="list-style-type: none"> <li>&gt; Incremental improvements, primarily through the Milford Road Alliance</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Improvement to the management of access occurs over time through existing and new concession arrangements to spread the flow of visitors and reduce congestion.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Improved model for managing access through concession arrangements.</li> <li>&gt; Introduce incentives for visitors to reduce private vehicle use.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Managed access model in place to optimise visitor flow primarily through concession arrangements management of car parking.</li> <li>&gt; Provision of alternative transport options through new concession arrangements to reduce private vehicle use.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Restrictions on access via private vehicle and a permitting system in place.</li> <li>&gt; Alternative transport options in place.</li> </ul>
What core infrastructure is put in place or removed?	<i>Piopirotahi</i> <i>Milford Sound</i>	<ul style="list-style-type: none"> <li>&gt; Planned maintenance and improvements</li> <li>&gt; Visitor shelters</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Interpretive materials and signage.</li> <li>&gt; Separation of commercial and recreation activity at Deepwater basin.</li> <li>&gt; Development of Barren Peak spur.</li> <li>&gt; Visitor shelters</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New visitor experience centre</li> <li>&gt; Boardwalk on Cleddau Delta foreshore</li> <li>Accessible walking track around the visitor center.</li> <li>&gt; Reduce visitor parking by 40%</li> <li>&gt; Renovation of ferry terminal.</li> <li>&gt; Modest investment in Ngāi Tahu Tauranga Waka site.</li> <li>&gt; Visitor shelters</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New visitor experience centre.</li> <li>&gt; Changes to layout to provide sense of arrival and opportunities to 'dwell' on the foreshore.</li> <li>&gt; Aerodrome reoriented to support an improved sense of arrival for visitors arriving by land</li> <li>&gt; s9(2)(b)(ii)</li> <li>&gt; Visitor accommodation at Cleddau Flats Service Area.</li> <li>&gt; Ngāi Tahu Tauranga Landing site with viewing areas, shelters and pou</li> <li>&gt; Deepwater basin experience improvements</li> <li>&gt; Boardwalk on Cleddau Delta foreshore.</li> <li>&gt; Accessible walking track through the Cleddau Delta</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Removal of runway and rewilding of the foreshore.</li> <li>&gt; Changes to layout to provide better sense of arrival and opportunities to 'dwell' on the foreshore.</li> <li>&gt; New visitor experience centre.</li> <li>&gt; Reduce visitor parking by 80%.</li> <li>&gt; s9(2)(b)(ii)</li> <li>&gt; Visitor shelters</li> </ul>

Options:		Option 1 - Status quo— Declining visitor experience and conservation outcomes	Option 2 Focused infrastructure investment —modest charge	Option 3: Enhanced visitor experience— with charge	Option 4: World class experience—with charge	Option 5: Pristine and reduced use—with charge
What core infrastructure is put in place or removed?					connecting with the foreshore > Accessible walking track around the visitor centre > Reduce visitor parking by 60%. s9(2)(b)(ii) > Power upgrades > Expanded bus parking > Visitor shelters	
	Milford Corridor	> No planned improvement.	> Pou Whenua at national park entrance. > Modest camping provision at Kiosk Creek. > Knobs Flat waterfall walk > Whakatipu Trails Head visitor shelter.	> Pou Whenua at national park entrance. > Modest increase in camping provision at Kiosk Creek, Upper Eglinton and Smithy Creek. > Knobs flat accommodation. > Visitor shelters and interpretive buildings at Knobs flat and Whakatipu Trails Head. > Cycleway from Te Anau downs to Knobs flat > Whakatipu Trails Head visitor shelter, car parks and toilets > Shelters and cultural interpretive materials to educate visitors > New short and accessible tracks (Knobs flat, Waterfall walk, Hinepitiwai	> Pou Whenua at national park entrance. > Substantive increase in camping provision at Kiosk Creek, Upper Eglinton, Totara and Smithy Creek. > Knobs flat accommodation including new staff accommodation. > Knobs flat interpretive building and walking track. > Whakatipu Trails Head visitor shelter, car parks and toilets. > Cycleway from Te Anau downs to Cascade Creek (extended from Knobs Flat) > Shelters and cultural interpretive materials to educate visitors > New short and accessible tracks (Knobs flat, Waterfall walk, Hinepitiwai/ Lake Marian	> Pou Whenua at national park entrance. > Reduction in camping provision at Totara, Knobs flat, Kiosk Creek and Eglinton. > Knobs flat interpretive building and walking track. > Whakatipu Trails Head visitor shelter, car parks and toilets > Cycleway from Te Anau downs to Cascade Creek (extended from Knobs Flat) > Shelters and cultural interpretive materials to educate visitors > New short and accessible tracks (Knobs flat, Waterfall walk, Hinepitiwai/ Lake Marian lower loop, accessible walkway to Hollyford River Whakatipu Kā Tuka



Options:		Option 1 - Status quo— Declining visitor experience and conservation outcomes	Option 2 Focused infrastructure investment —modest charge	Option 3: Enhanced visitor experience— with charge	Option 4: World class experience—with charge	Option 5: Pristine and reduced use—with charge
What core infrastructure is put in place or removed?				Hinepīwai/Lake Marian lower loop, Monkey Creek)	lower loop, accessible walkway to Hōyford River Whakatipu Kōtaka lookout Monkey Creek, Lone Tree)	lookout, Monkey Creek, Lone Tree).
	Te Anau	> No additional improvements beyond the Te Anau Basin Development Plan.	> No additional improvements beyond the Te Anau Basin Development Plan.	> Te Anau visitor hub and interpretive centre.	> Te Anau visitor hub and interpretive centre.	> Te Anau visitor hub and interpretive centre.
	How are commercial activities managed?	> Work within current concession framework and renegotiation as terms expire.	> Renegotiate concessions on good faith to achieve outcomes.	> Renegotiation of concession to achieve visitor experience and conservation outcomes  > New concessions opportunities created through new experiences and infrastructure.	> New (bespoke) concessions approach introduced with greater scope for setting conditions relevant to the visitor experience and conservation outcomes.  > Proactive allocation of new concessions and renegotiation and re- issuing of expired / existing concessions with a view to promoting competition and enabling innovation/enterprise.  > Greater monitoring, oversight and performance management  > New concessions opportunities created through new experiences and infrastructure.	> New (bespoke) concessions approach introduced with greater scope for setting conditions relevant to the visitor experience and conservation outcomes.  > Proactive allocation of new concessions and renegotiation and re- issuing of expired / existing concessions with a view to promoting competition and enabling innovation/enterprise.  > Greater monitoring, oversight and performance management  > New concessions opportunities created through new experiences and infrastructure.
How is it funded?		> Crown funding for maintenance and upgrades and conservation, via DOC.	> Introduction of a modest charge to fund non-BAU maintenance and upgrades.	> Introduction of charge to fund key infrastructure upgrades and conservation projects.	> Introduction of charge to fund and finance infrastructure upgrades and conservation projects	> Introduction of a significant charge to fund non-BAU maintenance and upgrades and much wider range of



Options:	Option 1 - Status quo— Declining visitor experience and conservation outcomes	Option 2 Focused infrastructure investment —modest charge	Option 3: Enhanced visitor experience— with charge	Option 4: World class experience—with charge	Option 5: Pristine and reduced use—with charge
What are the implications for management and governance of the area?	<ul style="list-style-type: none"> <li>&gt; Likely to be delivered through existing planning (FNMP) and delivery arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Conservation activities and national park management funded by Crown via DOC.</li> <li>&gt; Seek funding through other funding sources (e.g. NLTF).</li> <li>&gt; Delivery likely through DOC, with potential for establishment for a departmental unit.</li> <li>&gt; Need for shared vision and collective decision-making developed through non-statutory instrument.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Potential requirement for Crown funding.</li> <li>&gt; Delivery through a dedicated unit within DOC likely supported by an SPV with funding and financing ability.</li> <li>&gt; Need for shared vision and collective decision-making developed through non-statutory instrument.</li> <li>&gt; Replacement park management plan developed.</li> </ul>	<ul style="list-style-type: none"> <li>on an ongoing (financially sustainable) basis.</li> <li>&gt; Some National park management costs would continue to be funded by the Crown via DOC, however a new fund could also fund usual park management functions, including planning and on the ground operations.</li> <li>&gt; Likely to require a new governance model and establishment of new Piopiotahi Investment and Delivery Entity (form and function discussed in Management Case) to deliver/coordinate works. Likely SPV with funding and financing ability.</li> <li>&gt; New park management plan in place with shared vision and outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>conservation/community initiatives.</li> <li>&gt; Likely to require establishment of new Piopiotahi Investment and Delivery Entity (form and function discussed in Management Case) to deliver/coordinate works. Likely SPV with funding and financing ability.</li> <li>&gt; New park management plan in place with shared vision and outcomes.</li> </ul>
Summary comment	<p><b>Not recommended:</b></p> <ul style="list-style-type: none"> <li>&gt; Does not meet investment objectives.</li> <li>&gt; Continuation of the current degradation of the natural environment</li> <li>&gt; Risk of further deterioration of the experience that requires significant future investment to reverse.</li> </ul>	<p><b>Not recommended:</b></p> <ul style="list-style-type: none"> <li>&gt; Does not materially improve outcomes.</li> <li>&gt; Addresses some short-term challenges but retains significant risks over the medium to long-term associated with the visitor experience.</li> <li>&gt; Reliant on changes being achievable under current statutory arrangements which provide limited</li> </ul>	<p><b>Next best alternative:</b></p> <ul style="list-style-type: none"> <li>&gt; Delivers improvements in some areas but marginal gains in others.</li> <li>&gt; Does not fully address needs of mana whenua, visitors and operators.</li> <li>&gt; Low return for the cost and disruption required to implement this option.</li> <li>&gt; Could be a 'go-slow' version of the preferred option and lay the</li> </ul>	<p><b>Preferred option:</b></p> <ul style="list-style-type: none"> <li>&gt; Delivers improvements against all investment objectives.</li> <li>&gt; Enables a more strategic and co-ordinated approach to management of tourism and conservation pressures.</li> <li>&gt; Shift to a self-funding model that limits the fiscal impact for the Crown and</li> </ul>	<p><b>Not recommended:</b></p> <ul style="list-style-type: none"> <li>&gt; Limits the ability of multiple parties to access and enjoy Piopiotahi Milford Sound.</li> <li>&gt; May create some perverse outcomes around the ability for mana whenua, residents and local communities to move about freely in the place.</li> <li>&gt; An untested approach in New Zealand and carries risks of deterring future</li> </ul>



Options:		Option 1 - Status quo— Declining visitor experience and conservation outcomes	Option 2 Focused infrastructure investment —modest charge	Option 3: Enhanced visitor experience— with charge	Option 4: World class experience—with charge	Option 5: Pristine and reduced use—with charge
		<ul style="list-style-type: none"> <li>&gt; Negative impacts for a wide range of groups and individuals.</li> </ul>	oversight and accountability levers.	<p>groundwork for delivery of the masterplan/option 4.</p> <ul style="list-style-type: none"> <li>&gt; Enables early investment into the place and management initiatives that can progress in parallel to legislative changes.</li> <li>&gt; Pace of investment and change could be sped up or slowed down as time passes to match the intent and ambition of the government.</li> </ul>	<p>enables more sustainable management of the place.</p> <ul style="list-style-type: none"> <li>&gt; Provides a step change in the visitor experience, through creation of immersive cultural experiences and infrastructure provision sympathetic to the natural environment consistent with a ki uta ki tai approach.</li> <li>&gt; Gives effect to Ngāi Tahu rights, interests and aspirations more genuinely and deliberately.</li> <li>&gt; Presents new commercial opportunities and enables strong regional growth.</li> </ul>	<p>visitors and could impact perceptions of the New Zealand tourism brand.</p> <ul style="list-style-type: none"> <li>&gt; Extent of benefits delivered through this option, apart from the conservation and environmental benefit, would be lower than under option 4 but at a comparable cost.</li> </ul>
Investment objectives	The role of Ngāi Tahu as mana whenua and Treaty partner is acknowledged, and Te ao Māori values are embedded throughout	○	◐	◑	●	◑
	Results in significantly improved governance and management of the area.	○	◐	◑	◑	◑
	Is supported by a self-funding, sustainable commercial model as much as possible	○	◐	◑	●	●

Options:		Option 1 - Status quo— Declining visitor experience and conservation outcomes	Option 2 Focused infrastructure investment —modest charge	Option 3: Enhanced visitor experience— with charge	Option 4: World class experience—with charge	Option 5: Pristine and reduced use—with charge
Critical success factors	<i>The visitor experience is world-class, enhances conservation and community</i>					
	<i>Delivers infrastructure that is effective, efficient, resilient and environmentally sustainable</i>					
	<i>The benefit of hosting visitors and enabling private enterprise is extended to the communities of Southland and Otago</i>					
	<i>Strategic fit and business needs</i>					
	<i>Value for money</i>					
	<i>Achievability</i>					
	<i>Affordability</i>					
	<i>Capacity and capability</i>					
	<i>Mana whenua</i>					
	<i>Large tourism operators</i>					
Anticipated impacts						



Options:		Option 1 - Status quo— Declining visitor experience and conservation outcomes	Option 2 Focused infrastructure investment —modest charge	Option 3: Enhanced visitor experience— with charge	Option 4: World class experience—with charge	Option 5: Pristine and reduced use—with charge
	<i>Small and medium business owners</i>	●	●	●	●	●
	<i>International visitors</i>	●	●	●	●	●
	<i>Domestic visitors</i>	●	●	●	●	●
	<i>Recreational users</i>	●	●	●	●	●
	<i>Conservation groups</i>	●	●	●	●	●
	<i>Central/local Government</i>	●	●	●	●	●
	<i>Local communities</i>	●	●	●	●	●

## 3.5 The preferred option

This section outlines the preferred option in further detail and the potential impacts of the investment, including monetary and non-monetary benefits and costs.

### KEY POINTS

#### 1 Impacts of the preferred option

The preferred option will have a wide range of impacts for mana whenua, local communities, private enterprise and visitors

#### 2 Assessment of economic impacts

Infrastructure investment delivered through the preferred option is estimated to create an additional 215 FTE jobs and \$27.9m in GDP annually over 12 years while conservation investment is expected to create 594 additional FTE jobs and \$73.9m in GDP annually over 50 years

#### 3 The preferred option creates a virtuous cycle for tourism, community, conservation and Ngāi Tahu aspirations through a self-funding, regenerative model

#### 4 The preferred option offers significant benefits over the next best alternative including:

- > availability of up to \$731m (NPV) in additional conservation funding (\$253m for Option 3 and \$984m for Option 4)
- > significantly improved management of seismic risk and the risk exposure of visitors and staff
- > spatially planned and optimised Piopiotahi Milford Sound for the visitor experience with multiple new opportunities for guided walks and cultural experiences
- > extended visitor stays in the Fiordland region which will have cascading benefits for local businesses and communities
- > greatest impact on local GDP and employment through construction stage
- > commercial opportunities and improved visitor experience through developing an accommodation and hospitality hub at Knobs Flat.



## The preferred option represents a step change in how tourism and conservation will be managed in the area to respond to current and future pressures

The preferred option takes an integrated approach to addressing the challenges at Piopiotahi Milford Sound, recognising these are interconnected in nature and cannot be tackled in a piecemeal way. Key components of the preferred option are that it:

- > **establishes a Piopiotahi Protection and Restoration Fund**, funded through the international visitor access charge, to directly invest into back into priority conservation and environmental initiatives.
- > **recognises and responds** to seismic risks by moving accommodation out of the village, and investing in additional risk mitigations, safety improvements, and shelters.
- > **enhances the spatial layout of Piopiotahi Milford Sound village** to enable a compelling sense of arrival, and a broader range activities and visitor facilities in the village itself
- > **delivers new experiences and activities** along the corridor, including additional accommodation, new walking and cycling tracks to provide better and different ways to access this unique and stunning landscape, supported by interpretive centres and additional food and beverage provision.
- > **manages access through a significant reduction in carparking** which visitors will need to book ahead of time, combined with operator activities and investment in visitor experiences along the corridor to spread the flow of visitors during the day.
- > **introduces an International Visitor Access Charge** at \$100 per adult and \$50 per individual 14 and under for every international visitor entering the national park, corridor, village, or inland waters, to be collected directly through an online payment system or via concessionaires.

- > **manages concessions better**, with clearer standards and expectations for operators and the use of more proactive approaches to statutory planning for and allocating of concessions.
- > **provides for more coordinated and dedicated governance and management of the place**, to ensure responsive decision making supported by clear trade-offs, greater presence, and clearer tools to draw on (covered further in the Management Case).
- > **includes greater recognition of the Ngāi Tahu culture** and connection to the place
- > **recognises that visitors arrive by different modes**, and retains the aerodrome and cruise ship access, but with increased focus on minimising environmental effects and investment to better match the world class experience the area warrants.
- > **investment in supporting infrastructure to enable the preferred option and the future demands of the area**, commensurate with its world class status.

This option seeks to make tourism in Piopiotahi Milford Sound more sustainable and higher value while protecting and enhancing its significant environmental and cultural values. It does this through major improvements to facilities for visitors and the community, combined with a way to give back to the environment over the long-term.

### Enhancing the layout for Piopiotahi Milford Sound village: create a compelling sense of arrival for visitors, protecting the pristine natural environment and reducing visitor exposure to seismic risk

Our proposed spatial plan for the village was informed by stakeholder feedback on their needs, the visitor experience and analysis of risk. Our proposal minimises environmental effects and provides greater protection against seismic risk.

Figure 4. Option 4 spatial plan





A rearranged and optimised village will enable

- > a compelling sense of arrival with view shafts through to Rahoitu Mitre Peak from the main arrival along the road
- > returning the foreshore to its natural state, while protecting valuable views to Rahoitu Mitre Peak from Freshwater Basin by rerouting the highway away from the foreshore and enabling native riparian replanting
- > recognition of the Tauranga Waka (waka landing place), of great importance to Ngāi Tahu, Ngāi Tahu Whānui
- > a new world class visitor centre to welcome visitors and tell the stories of the place
- > new nature walks, activities, lookouts, and refreshment options, enabling a wider range of experiences in the village itself
- > provide greater resilience and lower societal risk and exposure to natural hazards and in particular landfall-induced tsunami, through removal of staff and visitor accommodation from Freshwater and Deepwater basins as well as investment into new shelters
- > investments and upgrades to core enabling infrastructure including power, water, and waste to future proof the place
- > more strategic use of the Cleddau Flats Service Area / Little Tahiti, which is close to the village providing a useful base for staff accommodation and other support services (with appropriate risk treatments for tsunami-based events), with supporting investment in enabling infrastructure. This area is identified for further site-specific study to confirm its development capacity.<sup>6</sup>

### **Leveraging the stunning corridor to provide a wider range of visitor experiences and operator activities that strengthen the tourism proposition for a multi-day visit and spread the flow of visitors during the day**

Feasibility testing has maintained several critical nodes proposed by the Masterplan along the corridor where investment will provide significant improvement to visitor experience, management of environmental effects, and recognition of areas of great importance to mana whenua, Ngāi Tahu

These investments will help to disperse visitors on their journey into Piopiotahi Milford Sound, providing new ways to access, participate and experience the stunning natural environment. The focus is on keeping most visitors in the front country with a requirement that any development be sympathetic to nature and deliver on conservation principles. Shorter travel distances for these visitors will enable us to better manage congestion at Piopiotahi Milford Sound and to sustainably grow the capacity of the National Park to host visitors without further unmanaged effects on its conservation values.

Investment in key visitor experience opportunities along the corridor will also present opportunities for tourism, supporting businesses and local communities. These opportunities include:

- > **new walking tracks** of varying difficulty and length, at multiple nodes and points along the corridor, to cater to a range of visitor capabilities and provide new ways to experience the stunning natural environment offered.
- > **a new cycle trail** from Te Anau to Knobs flat that will eventually run through to Cascade Creek, taking in the unique landscape and wilderness values Piopiotahi Milford Sound has to offer, providing a truly unique experience
- > **increased capacity for accommodation** including increased campground capacity

<sup>6</sup> Subject to further remediation work to address known contamination from being a former landfill, and further assessment of appropriate mitigations to protect a critically endangered boulder butterfly which may be present.

throughout the corridor, and a diverse range of accommodation options at Te Kuakaue Knobs Fla focused on a range of visitor types to support multi-day visitation and shift overnight accommodation away from seismic risk areas in the village.

- > **new cultural experiences** enabled by interpretive materials, sign posting, naming conventions and culturally significant infrastructure like the Tauranga Waka and Pou Whenua.

Figure 5. Overview of key nodes



Table 15. Description of key nodes

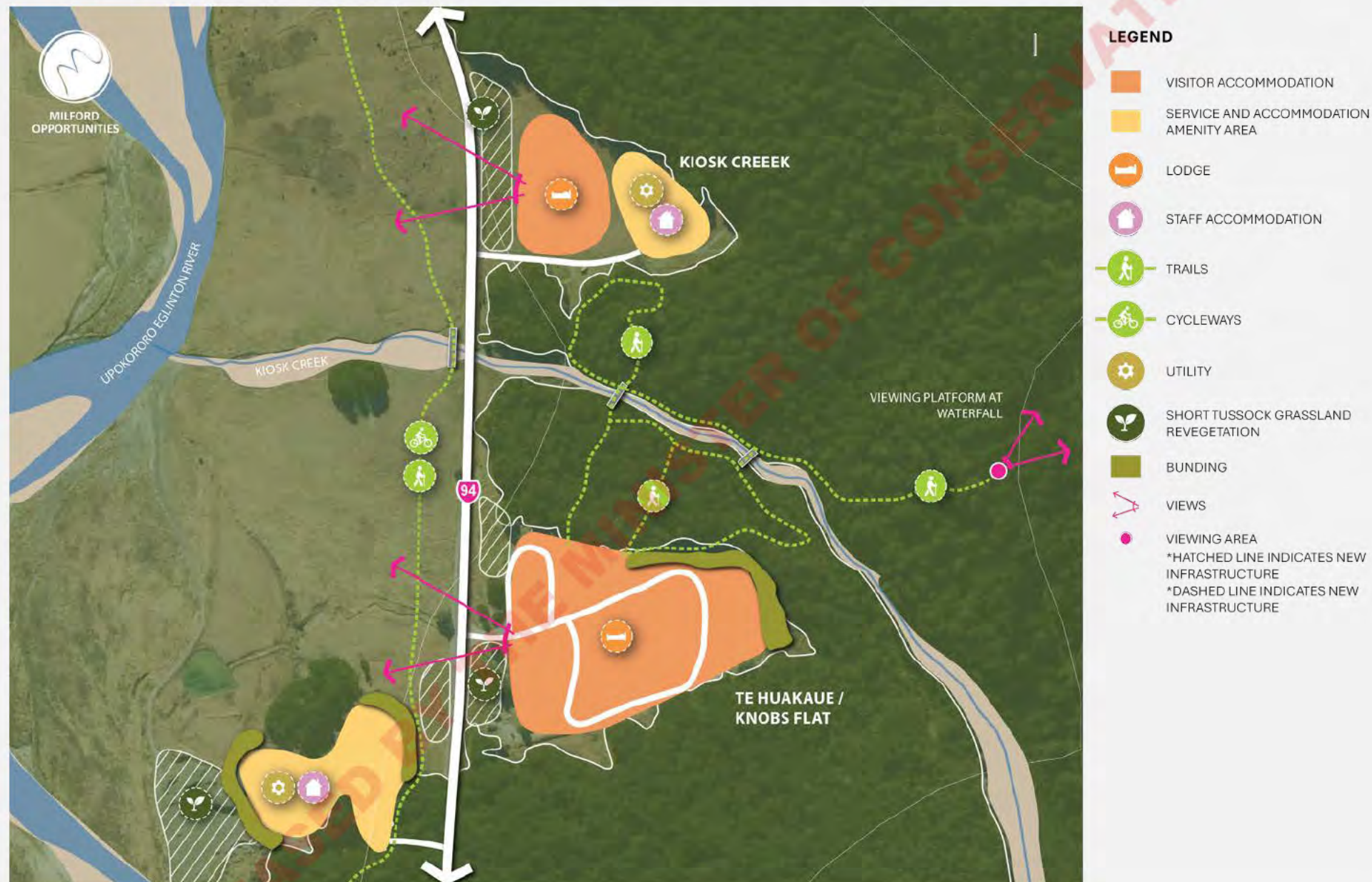
Node	Key features
Te Anau	<ul style="list-style-type: none"> <li>&gt; A landmark visitor hub and inspiring education centre that connects visitors with Te Rua-o-te-Moko Fiordland National Park and the local community.</li> </ul>



Node	Key features
Node 1 - Te Rua-o-Te-Moko FNP Gateway	<ul style="list-style-type: none"> <li>&gt; A culturally significant gateway pou whenua that communicates the manaakitanga and kaitiakitanga of Ngāi Tahu and allows visitors to connect with the place and its people with a short-stop photo opportunity and interpretation.</li> </ul>
Node 2 - Eglinton Reveal	<ul style="list-style-type: none"> <li>&gt; The first grand vista enabled by a collection of discrete short-stop laybys providing easy access off the highway and a safe space for visitors to enjoy the landscape. It includes subtle interpretation and walking access to the Upokoro Eglinton River.</li> </ul>
Short stop – Mirror Lakes Waiwhakaata	<ul style="list-style-type: none"> <li>&gt; An iconic busy photo opportunity improved with toilets, rain shelters and bus stops and new interpretation.</li> </ul>
Node 3 - Te Huakaue Knobs Flat	<ul style="list-style-type: none"> <li>&gt; Te Huakaue Knobs Flat is a central node in the visitor journey. It offers the most potential to slow visitors and deliver immersive natural and cultural experiences including the provision of food and beverage and different types of overnight accommodation to meet visitor expectations and demand.</li> <li>&gt; Due to its location and current footprint, it provides the best opportunity to develop as a tourism service hub and future staff accommodation (shifted from Piopiotahi Milford Sound).</li> </ul>
Node 4 – Ō Tāpara Cascade Creek / Mistake Creek Overnight Walk	<ul style="list-style-type: none"> <li>&gt; Re-development at the Cascade Creek Campground includes opportunities to build the cultural narrative with Ngāi Tahu and create sustainable commercial accommodation products.</li> <li>&gt; Improvements to the Ō-Tāpara Lake Gunn walkway with a new lakefront platforms and bridge access to the lake's southern beach – with a special focus on visitors who require accessible experiences.</li> </ul>
Node 5 – The Divide / Whakatipu Trails Head	<ul style="list-style-type: none"> <li>&gt; The connecting valleys of Node 5 are culturally significant for Ngāi Tahu and provide a range of world-class visitor opportunities.</li> <li>&gt; The Divide hosts one end of the Routeburn Great Walk and day walks to Lake Howden and Key Summit. Improvements to this place will build resilience and future-proof its value.</li> <li>&gt; The Hinepīwai/Lake Marian lower river walk opportunity is a critical experience that connects well with travel times to Piopiotahi Milford Sound. A 45-minute high-quality loop walk will enable capacity for future demand and complement the visitor journey. A shorter accessible walk to Hollyford River delivers to diverse visitor types.</li> <li>&gt; A living classroom to support Ngāi Tahu Wānanga provides an opportunity for Ngāi Tahu to tell their stories and educate visitors on the importance of the place and its cultural heritage.</li> </ul>
Node 6 - Gertrude Valley and Monkey Creek	<ul style="list-style-type: none"> <li>&gt; Investment into additional short stops at Monkey Creek and Lone Tree are proposed for traffic management leading to Homer Tunnel and delivers to the demand for short-stop alpine experiences and photo opportunities.</li> </ul>
Node 7 – Cleddau Cirque	<ul style="list-style-type: none"> <li>&gt; Road enhancements for safety and hazard mitigation. Previously proposed observation area not feasible due to safety and geological concerns.</li> </ul>
Short stop - The Chasm	<ul style="list-style-type: none"> <li>&gt; Halfway between Homer Tunnel and Piopiotahi Milford Sound on Milford Road, The Chasm is an existing experience to view a dramatic series of waterfalls through water-sculpted rocks. Investments to track, bridging, carpark, and road layout.</li> </ul>



Figure 6. Te Huakaue Knobs Flat and Kioske Creek spatial plan





Significant investment into Te Huakaue Knobs Flat as a new accommodation and amenity hub within the corridor

As part of this enhanced visitor journey through the Corridor, the Preferred Option will include significant enhancements to Te Huakaue, the area known as Knobs Flat, recognising its potential to provide a wider range of experiences and act as a key accommodation hub along the corridor within an already developed area

This will include:

- > Hosting the majority of relocated staff accommodation, still within the corridor but away from the main seismic risks of Piopiotahi Milford Sound
- > More and varied visitor accommodation options, including camping, glamping, and cabins
- > Opportunities for private provision of new food and beverage services
- > Upgrades to the enabling infrastructure, including power and water, and flood protection.
- > A key stopping point on a new cycleway from Te Anau downs (with potential for it to extend to Cascade Creek in the future)

### **These investments will be supported by actively managed access and a significant reduction in car parking**

The investments outlined above will be complemented by a new approach to managing access – significantly reduced car parking and requirements for visitors to book parking in advance. This approach will help to address congestion and distribute demand more effectively.

In combination with the development of key nodes and investment in visitor experiences and accommodation along the corridor, additional controls on access will be put in place to encourage people to shift away from entering Piopiotahi Milford Sound by private vehicle.

Carparking in Piopiotahi Milford Sound will be significantly reduced, to 40% of the current provision. These carparks will need to be pre-booked. People who do not have a pre-booked carpark will need to join either a guided tour, or a bus or coach to access the village. Carparking restrictions may also be applied to carparks through the Corridor over time, should congestion issues need to be managed.

This is a low approach impact to manage how people access Piopiotahi Milford Sound. It should:

- > encourage visitors to avoid self driving and incentivise mode shift to other transport methods, minimise impacts on rights and access
- > create ongoing opportunities for private operators to provide a range of coach and bus access options.

### **Establishing two new world-class visitor centres, one as a gateway at Te Anau, the other at Piopiotahi Milford Sound**

The centres will showcase all that the area has to offer, and be sympathetically designed to reflect the landscape and strong enough to be resilient to seismic risk for years to come; they will create connections and give a richer cultural heritage and conservation narrative.

- > the development of a new centre at Te Anau will also act as central point to help to draw people toward a range of new commercially provided transport options to begin their journey, and
- > the development of a new centre in Piopiotahi Milford Sound will provide a focal point for visitors accessing the village, and be a central point for sharing the Ngāi Tahu, Ngāi Tahu Whānui connection to the place.

## Te Anau visitor hub

The Board saw a compelling case for investment in a Te Anau visitor hub to provide a gateway to Piopiotahi experience and to provide an rich and impressive introduction to the cultural narrative associated with the area. This form of visitor experience also provides an attractive weather alternative to retain visitors in the Southland area in poor weather. As the Board did not see a dedicated hop on hop off transport model as feasible in the preferred option, it is proposed that the footprint of the Te Anau hub provide for less parking than was originally anticipated. Instead, the Board's preference is for a distributed parking model enabling visitors the option of arriving at the visitor centre via a range of transport operators. This approach has the added benefit of encouraging a range of overnight accommodation options for different types of visitors.

The final location of the hub need to be informed by the Te Anau Basin Development Plan. Community feedback on that plan identified a range of tensions and choices in having the visitor centre in different locations. These include:

<b>Close to the town centre</b>	This option enables a strong connection with existing businesses but has more limited land availability. Existing horizontal infrastructure could be utilised
<b>On the periphery of the town centre</b>	This option has a high degree of land availability but disconnects the visitor centre from existing businesses. Horizontal infrastructure investment may be required
<b>On the corridor toward Piopiotahi Milford Sound</b>	This option aligns well with the flow of visitor traffic and has high land availability, but may require more horizontal infrastructure and would be disconnected from existing businesses.

These are all viable options. The business case provides for the necessary funding for the development of the Te Anau Visitor Centre. It is recommended that the final site selection be informed by the Te Anau Basin Development Plan and a commercially managed procurement strategy to avoid speculation occurring before final decisions are taken.

## Introduction of an access charge for every international visitor to fund the programme and give back to conservation and the environment.

These changes will be fully funded through the implementation of an international visitor

access charge, in the form of a charge and applied at place. The charge will apply to all international visitors entering the defined area, whether by road (in private vehicle or bus), walk in via a trail (such as the Milford Track or Routeburn Track), land at Milford Sound Aerodrome, or enter the Sound on a cruise ship.

## Who is exempt from the access charge?

- > Domestic visitors, including New Zealand citizens and people ordinarily resident in New Zealand.
- > New Zealand citizens who live overseas but are not ordinarily resident in New Zealand.
- > Ngāi Tahu whānui, including those who ordinarily live overseas.
- > Concessionaires and their staff (non-New Zealand residents or citizens) operating in Piopiotahi Milford Sound.
- > Other people (Non-New Zealand residents or citizens) living or working in Piopiotahi Milford Sound.



Most visitors to Piopiotahi Milford Sound – approximately 80% – are international visitors. These visitors are unlikely to be contributing to New Zealand taxes and rates that fund government activities and infrastructure that they benefit from and exacerbate the need for (for example: national park biodiversity, waste management, public toilet facilities).

Access charges are common overseas, though novel in the New Zealand conservation estate. Kantar Public Research has shown that international visitors have a high willingness to pay an access charge, where the charge is demonstrated to be reinvested back into the place.

The purpose of the charge is to enable international visitors to Piopiotahi Milford Sound to support a world-class visitor experience while managing visitor effects in Fiordland National Park and the Fiordland Marine Area. It will support investments that:

- > deliver new or upgraded infrastructure and visitor facilities and services in Fiordland

National Park (including between Te Anau and Piopiotahi Milford Sound)

- > protect, enhance and restore the natural environment within the Fiordland National Park and the Fiordland Marine Area, and
- > have been identified as areas that are of significance to mana whenua and/or are included in relevant Treaty settlement legislation.

Collection via multiple methods would enable good capture of all liable visitors while minimising transaction costs and burdens. This would include an online booking system, similar to those already operated by the Department of Conservation, where international visitors can pay the access charge. Some tourism operators may also collect the access charge on behalf of their clients.

We envisage that all tourism operators would be required to check that their customers have paid the access charge as a condition of carriage or service.

### The Piopiotahi Protection and Restoration Fund

The Piopiotahi Protection and Restoration Fund would be established to offer grants, seed funding or other forms of funding to a wide group of applicants seeking to undertake conservation or environmental remediation projects in Fiordland National Park or the Fiordland Marine Area.

The fund would have clear criteria to guide decision-making and ensure that projects meet the investment plan's priorities – and could include funding activities by DOC or by ES, as well as by community groups or NGOs. The process for allocating funding is considered further in the Management Case.

### Working better with private operators

Private enterprise will be key to deliver on the intended outcomes, including to support the new activities and deliver the new infrastructure, and implement a world class experience for visitors.

To support this, a new approach to concessions will be needed to provide greater certainty to operators on what activities are permitted, and greater clarity on what it means to be operating within a world class area.

This will include setting higher standards and expectations for operators and the use of more proactive approaches to planning for and allocating concessions. This will also be complemented with more deliberate monitoring, oversight and performance management of commercial activities against agreed expectations.

## **Greater recognition of Ngāi Tahu, Ngāi Tahu Whānui and its cultural heritage and connection to the place**

The preferred option integrates Ngāi Tahu, Ngāi Tahu Whānui aspirations for greater connection to the place and greater reflection of its cultural heritage, including:

- > A gateway to Fiordland National Park, marked by pou whenua. It will make a bold statement, setting the scene for the story of the place and marking the beginnings of the journey into Piopiotahi Milford Sound. For Ngāi Tahu, it will be a source of pride as their connection with the whenua is acknowledged. For the visitor, it will signify the start of their journey through to the world of Tū Te Rakiwhānoa.
- > Greater connection throughout the Corridor, with additional pouwhenua added over time, along with additional and upgraded interpretive materials and key interpretive sites cultural storytelling along the route, culminating in the physical presence at Piopiotahi of Tū Te Rakiwhānoa. This will be the most magnificent Pouwhenua, located in an appropriate place of respect and prominence.
- > Naming conventions which recognise the Ngāi Tahu, Ngāi Tahu Whānui names and heritage
- > Investment into the Ngāi Tahu, Ngāi Tahu Whānui Tauranga Waka landing site in Piopiotahi
- > Consistent theming and design of facilities throughout the place that recognise Ngāi Tahu, Ngāi Tahu Whānui heritage, recognising the need for consistency and continuity of presence.

## **New governance and management arrangements to reduce complexity and red tape, and support tourism and conservation enabled by a new legislative approach.**

The future envisaged by the preferred option is about more than a collection of physical works – it requires a step-change in how tourism pressures are managed in a National Park and

marine environment, with greater direct management and oversight of the pressures and experiences at place, how these can be used to give back to place, and how such arrangements are provided for and how risks and impacts are mitigated.

Recognising strong and consistent feedback from stakeholders that the current arrangements are broken, the preferred approach proposed a new, dedicated governance and management approach which will enable more dedicated and responsive decision-making – including a new process for developing a shared vision across key stakeholders, and a new process for statutory planning to help unlock the potential of the area.

This is explored more in the Management Case.

## **Recognise that visitors arrive by different modes, but with increased focus on minimising environmental effects and ensuring investment better matches the world class experience**

While the Masterplan proposed removing both the aerodrome and large cruise ship access to the Sound, under the preferred option these are retained with an expectation that their effects are better managed commensurate with expectations on operating in a world class and pristine environment.

This will include:

- > reorienting the aerodrome, moving the taxiway, and aircraft parking to the south of the runway, to make best use of the available space, and enable the expected view shafts to Rāhotu Mitre Peak from the road without requiring full removal of the aerodrome
- > taking a long-term view of asset management to ensure that the asset is maintained at a level befitting a world class location, including resilience improvements to the runway and development of visitor arrival facilities
- > requiring operators to meet the ongoing costs of operating the aerodrome through landing fees, to ensure costs fall with those who benefit



- > maintaining access for cruise in the short-term, but closely monitoring visual, experience and environmental impacts and working with Environment Southland to mitigate these where necessary, and considering the future role of the Piopiotahi Investment and Delivery Entity working in managing cruise access
- > closer ongoing monitoring of tranquillity values in Piopiotahi Milford Sound, and considering the ongoing management of aviation and surface water activities required to protect and enhance these.

## The preferred option creates a virtuous cycle for tourism, community, conservation and Ngāi Tahu aspirations through a self-funding, regenerative model

Together, the preferred option will provide a fundamental reset of the Piopiotahi Milford Sound experience, and ensure the place is living up to its world class reputation. This includes:

- > Providing an opportunity for a reset of the strategic vision and management of the place which can embolden mana whenua, operators, conservation groups and other parties to act in a co-ordinated way to manage the tourism and conservation pressures the place is facing
- > Enabling a self-funding model that helps to manage the added costs and relieving dependence on the Crown for central funding for the place in the immediate future which is likely to be limited under current fiscal pressures
- > Providing a step change in the visitor experience, with the creation of new immersive cultural experiences, new accommodation options, walking and cycling trails, and a reduced infrastructure footprint that enables visitors to experience the full untouched beauty of the place
- > Giving effect to Ngāi Tahu rights, interests and aspirations through the provision of genuine opportunities for self-determination by participation in decision-making, access to commercial opportunities and a more visible footprint within the place
- > Creating new commercial opportunities for private enterprise, reduces compliance costs

and strengthens certainty in the regulatory environment for operators to make investment decisions and innovate which will ultimately enable strong regional growth.

- > Enabling significant reinvestment into conservation and the environment across Fiordland National Park and the Fiordland Marine area.

### **This approach will ensure a wide range of benefit for the place and people**

- Tourism operators will benefit from increased certainty and transparency relating to concession and management processes, and greater co-ordination of governance and regulatory approaches which should reduce delays and added costs of compliance
- > Operators will also benefit from a wider range of commercial opportunities enabled by development of nodes along the corridor, supporting more diverse activities, and encouraging visitors to stay longer, and a level-playing field to be able to compete for those opportunities. Greater visitor demand over shoulder and off-peak periods would enable operators to make smarter investments in capital assets. An increase in demand for provider transport will also provide opportunities for existing and new transport providers.
- > International visitors will enjoy a world-class visitor experience from Te Anau, through the corridor, to Piopiotahi Milford Sound, including a strong and informative cultural narrative woven throughout that experience, a wider range of activities and services available throughout their journey, and lower risk of congestion from other visitors.
- > Domestic visitors will be able to enjoy and take pride in a New Zealand icon, to learn

about the natural environment, the heritage of the place and its importance to mana whenua, have confidence that their taonga is being restored and well-managed, and retain access to their national park.

- > Locals and recreationists will have a clear avenue to influence changes to their area, will retain access to Piopiotahi Milford Sound, will benefit from gradual, well-planned growth in tourism, and the spread of economic benefit and job opportunities to Te Anau and Southland.
- > Meaningful contributions to conservation and environment initiatives will benefit the wider

region by supporting better outcomes in the national park. New Zealanders and visitors will know that the park is being cared for and that they have contributed.

- > This option brings the strongest opportunity to support the restoration of mana in Piopiotahi Milford Sound, to acknowledge Ngāi Tahu as mana whenua, and to educate and inform visitors of the heritage and the cultural significance of the area. The cultural narrative will weave into each development, taking on visitors on a journey on their way to Piopiotahi Milford Sound.

### Making use of the conservation funding

Visitors will want to know that their contributions are supporting improved conservation outcomes. The value of the IVAC is measured in its contribution back into place.

Funding from the IVAC will enable a significant opportunities to accelerate conservation activities in the Fiordland National Park and Marine area. The following examples have been prepared by DOC as indicative examples with very high level cost estimates based on current activities.

### Predator and pest control

Throughout New Zealand, DOC currently sustains predator control over 1.8 million hectares or 20% of public conservation land targeting rats, stoats and possums.

In 2023, there were six predator control operations completed in the Fiordland area:

- > Hollyford – Aerial operation across 26,054ha to protect long-tailed bats, kākā, kea, rock wren, whio
- > Murchison Moun tains – Ground operation across 27,013ha to protect Tākahe
- > Eglington – 43,957ha – Aerial operation to protect long and short-tailed bats, kākā, kea, moa, rock wren, whio
- > Waijacket – Aerial operation across 39,429ha to protect kea, kiwi, powelliphanta, rock wren

The frequency and timing of predator control operations depend on the needs of the species being protected and the characteristics of the ecosystems at each site. Sustained control is cyclical, occurring typically every 3-4 years.

Based on DOC's average national costs for sustained predator suppression, across 1.2m hectares in Fiordland, full suppression would cost approximately \$14.5m per annum.<sup>7</sup>

<sup>7</sup> Costs based on a four-year cycle of 2/3rd at \$45/ha + 1/3rd at \$55/ha (higher costs due to distance of delivery – helicopter travel time))



## Wild animal control

Wild goats, deer, pigs, tahr, and chamois eat and damage native plants and habitats – in some places, they threaten how ecosystems function. Managing wild animals to reverse these effects will help protect native species and increase forests' health and resilience in dealing with climate change.

DOC monitors sites on public conservation land across the country for the faecal pellets (droppings) of deer, goats, and sheep, tahr, and chamois. This provides an indicator of wild animal numbers. From 2013 to 2022, the number of faecal pellets almost doubled, indicating growth in wild animal populations.

The wild animal management control carried out each year depends on the biodiversity value of a site, other threats and pressures at site and other conservation activities.

Based on DOC's estimated national costs for sustained wild animal suppression, across 1.2m hectares in Fiordland, full suppression would cost approximately \$4.5m per annum<sup>8</sup>

## The preferred approach brings nationally significant benefits

The preferred approach will not just benefit the local iwi, community and business sector. There are significant flow on benefits for the wider region and national economy that strengthen the case for investment.

### The preferred option strengthens the value proposition of Te Anau and Piopiotahi Milford Sound for visitors, which will strengthen the Southland regional economy

The preferred option and in particular the focus on creating a gateway destination in Te Anau provides a significant platform to increase the quality of the visitor experience in Te Anau itself, and attract more visitors to the area as a base from which to explore Piopiotahi Milford Sound and other attractions in the Southland area. When paired with a world class visitor experience at Piopiotahi Milford Sound that attracts a greater and wider range of visitors, the development of Te Anau as a destination has the potential to deliver a wide range of impacts to benefit local business, communities and iwi including through:

- > telling the stories of iwi and educating visitors on the history of the area through the way the visitor centre is designed and the use of engaging narratives and materials

- > enabling opportunities for existing and new operators in the area as visitor numbers increase
- > the potential to promote and showcase other tourism activities in the Southland region for visitors
- > potential development of visitor experience offerings adjacent to the visitor centre, for example more lake side activities
- > flow on benefits for businesses that support tourism e.g. accommodation, hospitality and retail
- > employment and skills development opportunities in tourism and related industries
- > strengthening the wider Southland tourism 'product' through establishing a strong magnet destination within Te Anau.

The preferred option also establishes Piopiotahi Milford Sound and Te Anau as destinations with multiple attractions and activities for visitors to enjoy. This is demonstrated through the forecast increase in visitor nights and visitor expenditure under the preferred option relative to the status quo. There is an opportunity to also position these attractions as locations you can return to over time, particularly for domestic tourists who may wish to experience locations and activities in different seasons, or to bring friends and family who have not experienced these places.

Finally, a stronger and more diverse tourism offering in Southland will help to grow demand in the shoulder and off-peak seasons, creating

<sup>8</sup> Costs based on a four-year cycle Alpine habitat c. 400,000 ha c. \$4/ha per treatment, Forest habitat Forest c. 800,000 ha c. \$20/ha treatment = \$18m every four years

more business certainty and confidence for local tourism operators and service sectors.

### Economic benefits of the preferred approach

The preferred approach will bring economic benefits to the Southland region from the increased infrastructure and conservation expenditure proposed through the IVAC revenue.<sup>9</sup>

Over the 12-year construction period:

- > employment opportunities will increase by 215 additional FTEs per year
- > local GDP will increase by \$27.9m per year

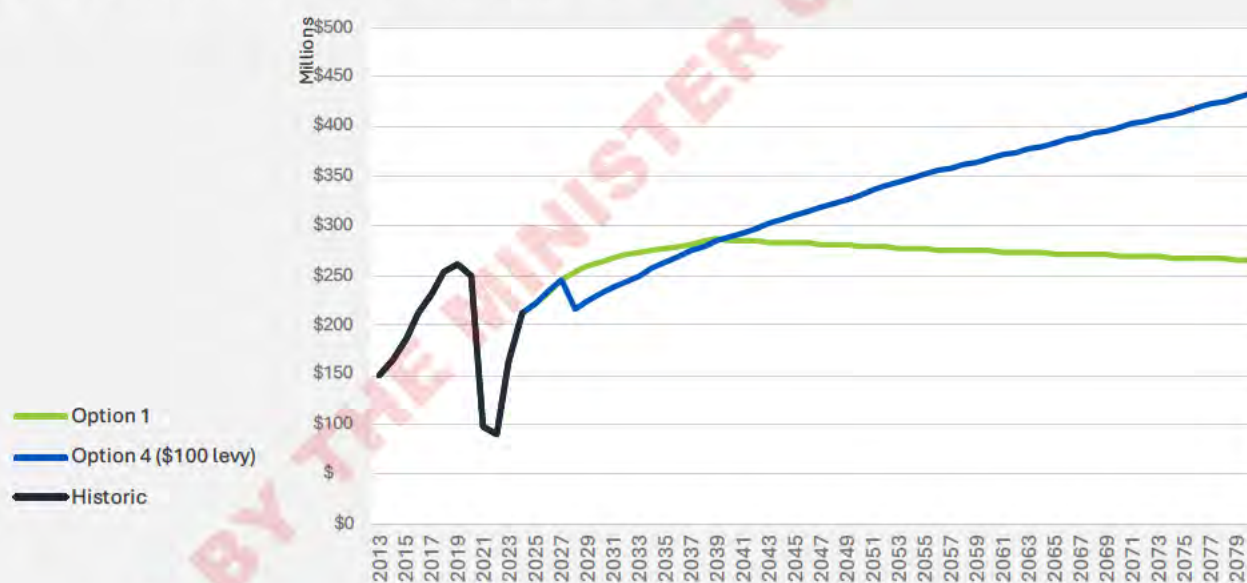
Over a 50-year period, investment from funding for conservation and the environment:

- > employment opportunities will increase by 594 additional FTEs per year
- > local GDP will increase by \$73.9m per year

The tourism economy is expected to increase:

- > 1.3m Fiordland guest nights in 2030, rising to 2.9m in 2080
- > \$231m/year visitor spend in Fiordland in 2030, rising to \$432m in 2080

Figure 7. Expected visitor expenditure under the preferred option



Source: Infometric

While it has not been quantified, the preferred option also provides an opportunity to alleviate pressure on Queenstown by freeing up accommodation currently used by visitors spending their day in Piopiotahi Milford Sound

for visitors looking to stay and explore Queenstown and surrounding areas. This would deliver greater benefits for Queenstown tourism operators and businesses.

<sup>9</sup> This economic impact analysis will be highly dependent on the composition of projects funded. This will be uncertain until the first plan is prepared but may result in a wide range of outcomes. For example science to study the benefits of a particular ecosystem would be less likely to generate job numbers than planting or similar.



## The potential impact of the Te Anau to Cascade Creek cycle trail

The proposed cycle trail from Te Anau to Cascade Creek via Knobs Flat has the potential to create a new market for travellers looking for a different way to experience Piopiotahi Milford Sound.

Analysis undertaken on the potential economic impacts of this trail indicates it could enable:

- > an additional 52,000 cycling visitors and 53,000 visitor nights in its first full year of operation
- > \$14 million in visitor expenditure in its first year
- > an extra 107,000 cycling visitors and 111,000 visitor nights over its first 12 years
- > total visitor expenditure over the first 12 years of around \$38 million

These figures do not account for the added demand should the cycle trail be awarded 'Great Ride' status.

Ngā Haerenga New Zealand Cycle Trails comprise 23 Great Rides spread across the country in some of our most amazing and invigorating landscapes. They offer a different way to experience major sights and activities while also being more environmentally sustainable. A recent evaluation of the Great Rides demonstrated that in the 2021 year, the Great Rides saw a 10% increase in trail users and a 18% increase in visitor nights attributable to the trails alongside a 31% increase in visitor expenditure. Based on visitor expenditure alone, and not accounting for wider economic impacts, the trails brought around \$950 million to their regions. In the same year, a reported \$10 million, or \$9 per cyclist, was spent on maintaining the trails. Demand during that year was driven primarily by domestic tourism due to border closures as a result of the COVID-19 pandemic, but nonetheless is a strong indication of the potential appeal of cycling in iconic natural landscapes for both domestic and international visitors.

When surveyed, 51% of trail users reported a greater appreciation of the natural environment and 29% reported a greater appreciation of the local culture and heritage. This illustrates the added benefit of cycle trails in forging a stronger connection between visitors and local places and people. This is in addition to the broader benefits cycle trails deliver for physical and mental health (estimated at \$11m in 2021), social connection, regional development (through enhanced profile and attraction of tourism demand particularly in the off-peak) and the environment (through encouraging low-carbon forms of travel and recreation).

### Sources:

Angus and Associates (2022). 2021 Evaluation of Ngā Haerenga Great Rides of New Zealand. Available at <https://www.mta.govt.nz/dmsdocument/19854-2021-evaluation-of-nga-haerenga-great-rides-of-new-zealand.pdf>

Angus and Associates (2023). Impact Assessment: Te Anau Downs to Cascade Creek Trail.

## Enhancing New Zealand's tourism brand by caring for a global icon and national treasure

While there is an expectation that the preferred option will drive an increase in overall visitor volumes to Piopiotahi Milford Sound, this is not expected to represent a net increase in overall visitor volumes to New Zealand. However, there are broader national benefits the preferred option is expected to deliver, that will support

New Zealand's tourism image and brand and generate economic opportunities for the national tourism sector.

The most significant national impacts relate to New Zealand's image as a place to visit for breathtaking vistas, outstanding natural landscapes and a sense of untouched wilderness where visitors can connect with the environment in its most natural and pristine form.

“

**If we look at NZ tourism and its relationship with our landscape, the two are linked in a way few other countries can claim. Our attractions, almost without exception, are our landscapes.”<sup>10</sup>**

Tourism and our natural landscape are inextricably linked. The tourism industry benefits from those natural landscape values that can be a major draw for tourists while at the same time placing greater pressure on those attractions. This is not an isolated phenomenon globally, let alone in New Zealand.

Quantifying the potential benefits of New Zealand’s natural environment and its importance to tourism (or indeed the disbenefits resulting from an eroded image and brand) is difficult given there is a paucity of research available on the link between the state of the environment and the tourism industry. The closest example was a study commissioned by the Ministry for the Environment that estimated a worsening perception of our environment in our top 5 visitor markets could lead to a

potential loss of up to \$938 million in value added, employment and GST from tourism.<sup>11</sup>

The Parliamentary Commissioner for the Environment reviewed the impacts of the New Zealand tourism industry on the environment in 2019 and highlighted the challenges of waste generation, overloaded wastewater treatment facilities, infrastructure provision, biosecurity risks, greenhouse gas emissions associated with travel and increasing visitor numbers eroding the wilderness experience. A follow up report in 2021 noted that in 2019 persistent visitor growth and commercial activity had resulted in the localised losses of the wilderness and natural quiet that have been the hallmark of New Zealand’s public conservation lands and waters (naming Piopiotahi Milford Sound, Franz Josef and Aoraki/Mount Cook as the affected ‘icon’ sites where daily arrivals were reaching into the thousands at peak periods).

The proposed creation of a significant revenue stream for reinvestment in the mitigation of environmental effects and investment in conservation activities is a significant benefit of the preferred option. The range of positive and negative effects that would warrant investment can be informed by this earlier work by the Parliamentary Commissioner for the Environment and includes:

**Table 16. Effects to be mitigated within Piopiotahi Milford Sound**

Effect	Examples
Waste	Litter, human waste
Noise	Unacceptable noise from aircraft and vehicles
Crowding	Crowding at popular areas
User conflict	Conflicts between different goals (recreational vs sightseeing)
Development	Increased pressure to develop
Displacement	Exclusion of locals from place
Changed character	Loss of natural character
Visual impacts	Loss of scenic amenity
Loss of wilderness	Modification and loss of solitude
Wildlife disruption	Disruption to animal behaviours

<sup>10</sup> Peart and Woodhouse (2020). Tourism and landscape protection. Report for the Environmental Defence Society. Available at [https://eds.org.nz/wp-content/uploads/2022/01/Tourism-Landscape-Report\\_FINAL.pdf](https://eds.org.nz/wp-content/uploads/2022/01/Tourism-Landscape-Report_FINAL.pdf)

<sup>11</sup> PA Consultants. (2001). Our clean green image: What’s it worth? Available at <https://environment.govt.nz/assets/Publications/Files/clean-green-aug01-final.pdf>



Effect	Examples
Hunting/collecting	Pressure of fisheries and shellfish
Species introduction	Release of exotic pests/weeds
Vegetation damage	Trampling of vegetation
Loss of habitat	Displacement of wildlife

Source: Parliamentary Commissioner for the Environment (adapted)

The process of land protection and associated conservation management activities also positively contributes to the provision of ecosystem services. While land protection is the conservation activity that has the biggest documented impact on ecosystem services as, almost without exception, intact, natural ecosystems provide the best ecosystem services. Ecosystems can be defined as dynamic collections of plants, animals, and

microorganisms interacting with each other and their abiotic environment. Ecosystem services are the benefits people obtain from ecosystems, such as clean air, fresh water, and the pollination of crops. Improvements to the range of conservation management activities undertaken in the Fiordland National Park are also likely to provide improvements in the following primary ecosystem services domains.

**Table 17. Ecosystem services**

Ecosystem service	Effect
Air quality	Forests and other vegetation types can reduce pollution
Climate regulation	Forests regulate local air quality
Water quality	Forests, wetlands and marine microbes can improve water quality
Biodiversity	Maintaining biodiversity preserves genetic libraries and future options for discoveries of useful compounds
Pollination	Natural vegetation can enhance pollination services in nearby agricultural land

The preferred option embraces the challenge of developing a sustainable model of tourism that gives back to the environment, mana whenua and local communities.

There is an opportunity to mark a shift towards a more resilient model of tourism focused on attracting a wide range of visitors, encouraging visitors to 'slow down' and spend more time connecting with local places and people, providing more authentic ways for visitors to engage with the natural environment and cultural heritage.<sup>12</sup> There is also an opportunity

to strengthen our domestic tourism offering by enabling New Zealanders to reconnect with their country, landscapes and heritage in a meaningful way, and embrace the need to better care for them.

The proposed approach to funding, governing and delivering the preferred option has been prepared solely with Piopiotahi Milford Sound in mind but is likely to present useful insights for responding to similar pressures in other places in New Zealand.

<sup>12</sup> Peart and Woodhouse (2020). Tourism and landscape protection. Report for the Environmental Defence Society. Available at [https://eds.org.nz/wp-content/uploads/2022/01/Tourism-Landscape-Report\\_FINAL.pdf](https://eds.org.nz/wp-content/uploads/2022/01/Tourism-Landscape-Report_FINAL.pdf)

## Appendix 3.1: Detailed assessment of long-list options

This appendix details the long-list assessment undertaken to identify and assess a wide as possible range of options to achieve the investment objectives and service requirements, within the boundaries of the scope parameters and critical success factors.

We have taken a consistent approach for each of the four options domains (infrastructure, managed access, concessions, charging and funding) that comprises:

1. Setting out the need for intervention in the context of the challenges identified in the case for change and the contribution to the investment objective
2. Developing an assessment framework specific to each domain based on the critical success factors identified in the economic case
3. Identifying a long-list of options based on the individual dimensions of choice in each domain
4. Excluding and bringing forward elements of the long-list based on the extent to which these align with the critical success factors
5. Bundling the elements brought forward into options shortlists that are taken into consideration as part of the integrated business case options in the economic case.



## Infrastructure

As the Strategic Case notes, Piopiotahi Milford Sound is not well organised for the spectacular experience that it offers, and has not changed significantly in response to increasing visitor numbers. Most infrastructure within Piopiotahi Milford Sound is aged, in poor condition, is inadequate for the current visitor demands, and it is challenging to obtain funding for upgrades.

This section looks at the different choices for upgrading or introducing new infrastructure in Piopiotahi Milford Sound, the corridor and Te Anau.

### Assessment criteria

The following criteria have been used to assess the infrastructure choices.

**Table 18: Assessment criteria for infrastructure long list options**

Criteria	Description	Assessment approach	Link to critical success factors
<b>Strategic fit and business needs</b>	Meets the agreed investment objectives, related investment requirements and visitor and conservation experience	<ul style="list-style-type: none"> <li>&gt; How will infrastructure impact overall visitor experience (including addressing congestion issues and minimising environmental and visual impact)?</li> <li>&gt; How will infrastructure impact conservation outcomes</li> <li>&gt; How will infrastructure enable mana whenua values and aspirations to be realised?</li> </ul>	Directly maps to strategic fit and business needs
<b>Value for money</b>	Optimises public value (social, economic, and environmental) in terms of the potential costs, benefits, and risks of the Project	<ul style="list-style-type: none"> <li>&gt; What is the cost-effectiveness and value of different options?</li> <li>&gt; What are the likely environmental impacts?</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Directly maps to value for money</li> <li>&gt; Indirectly maps to affordability</li> </ul>
<b>Achievability</b>	Covers the technical feasibility of proposals, including engineering, geotechnical, ground conditions or any other physical and environmental feasibility limitations. Includes any relevant legislative barriers	<ul style="list-style-type: none"> <li>&gt; Technical feasibility, including the nature of required physical works and services, seismic, health and safety, and ecological impact.</li> <li>&gt; Feasibility from a policy and legislative perspective, including the degree to which different infrastructure options may require new legislative and/or policy instruments to implement</li> <li>&gt; Deliverability and capability challenges that might arise</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Directly maps to achievability</li> <li>&gt; Indirectly maps to capacity and capability</li> </ul>
<b>Resilience and safety</b>	Recognising the dynamic and remote environment and the extent to which proposals contribute to enhanced or reduced resilience (being risk to life, injury or property from an adverse climate, seismic or weather event) and safety (being the risk to life, injury or property from human activity)	<ul style="list-style-type: none"> <li>&gt; Resilience and safety risks associated with the proposal</li> <li>&gt; Contribution to effective management of risks to human life</li> <li>&gt; Contribution to risk mitigation or reduction</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Indirectly maps to strategic fit and business needs</li> <li>&gt; Indirectly maps to achievability</li> <li>&gt; Indirectly maps to capacity and capability</li> </ul>

## Long list options

The table below outlines a long list of infrastructure options and ideas considered. Given the complexity of the project, the ideas are categorised, defined and have had sub-options identified. We have made feasibility assessments in relation to the criteria outlined above.

The long-list table is intended to rule out options that are infeasible, and identify options to take forward for short-listing.

The table is focused on the merits of individual ideas and proposals, especially where there are clear challenges or opportunities. The shortlist evaluation focuses on the impacts at a package level. This is particularly relevant for judgments on capacity/capability and value for money as these considerations are less likely to be determinative

to ruling individual proposals in or out, and judgement is better made at a programme level. Where possible, we have commented on specific or unique characteristics of the proposals that may raise concerns on the capacity / capability to deliver or its value for money.

In addition to the table below, we considered two short-stop options outlined in the Masterplan – the Chasm and Mirror Lakes short walk. Neither of those options presented material challenges to achievability, and do not present a material addition to cost or affordability assessments, and align with the investment objectives in this business case – as such, we propose to take the proposals forward unchanged to short listing.

This material below has been prepared drawing on the advice from the technical reports cited in Appendix 2.2.

## Accommodation

Piopiotahi Milford Sound village currently has one hotel – the Mitre Peak Lodge, for visitor accommodation, and a small amount of staff accommodation in Deepwater Basin. Decisions should be taken on the continuation, redevelopment, removal, or relocation of visitor and staff accommodation servicing Piopiotahi Milford Sound.

### Infrastructure initiatives within the location and variations

The Masterplan proposes deconstructing the existing hotel at the village, and replacing it with a new eco-concept hotel offering premium and standard services, at a similar location.

The Masterplan also proposes relocating staff accommodation from Cleddau village to a new purpose-built, multi-storey development adjacent to eco-concept hotel, in the village.

We have also considered alternatives to the Masterplan with the next most suitable alternative for developing accommodation being Knobs Flat.

We have also considered the possibility for at least skeleton staff in or near the village at Cleddau

Flats Service Area – a site approximately 3km back up the corridor from the Freshwater Basin.

## Feasibility assessment

### RULING OUT ACCOMMODATION IN THE VILLAGE

Feasibility work in this project has determined an intolerable risk to life in Piopiotahi Milford Sound, including the village for prolonged stays – most notably overnight stays. The strongest risk comes from an Alpine Fault earthquake (75% likelihood in the next 50 years), causing a landslide into the Fiord (44% likelihood), causing a landslide-induced tsunami. A Piopiotahi Milford Sound tsunami - triggered by a landslide - may leave no survivors, with as many as 3500 dying if the wave hits during the peak of the tourist season. For this reason, we consider it infeasible to develop accommodation infrastructure in the village, other than those critical for overnight servicing, and consider it necessary to deconstruct existing accommodation structures in the village and relocation accommodation services to the corridor.

We also note, however, the need to have a skeleton staff capacity available near Piopiotahi Milford Sound, and specifically on the western side of the Homer Tunnel. As such, we have



considered the provision of a small staff accommodation facility in Cleddau Flats Service Area.

We note the archaeological and cultural relevance of the Mitre Peak Lodge. Our feasibility assessments identified the hotel as having high heritage aesthetic, including multiple building elements from the 20th Century, moderate archaeological value on the government-sponsored hotel design, and high architectural value from two different periods.

s9(2)(b)(ii), s9(2)(j)

## **KNOBS FLAT – VISITOR AND STAFF ACCOMMODATION**

### **Strategic fit and business needs**

Including visitor accommodation materially contributes to the visitor experience along the corridor. Knobs Flat is approximately halfway between Te Anau and the village, and includes sufficient flat land for developing visitor accommodation of a comparable scale to that provided in the village now.

There are wider opportunities for development at the Knobs Flat site, supported by the visitor and staff accommodation, including walking tracks and interpretive information, and opportunities for further concessions for other hospitality services like food and beverage. This would present opportunities for future concessionaires.

### **Achievability**

Due to existing modifications from a pristine natural environment, Knobs Flat has an ability to

accommodate new structures of appropriate scale without significant landscape effects. The nearby natural containment of beech forest further supports limiting the environmental and conservation values in developing the area. Further, Knobs Flat has been assessed as not significant in the culture and heritage feasibility assessment.

There are wider challenges in the area, for example, Kiosk Creek campsite development is likely to result in significant adverse effect due to high vegetation and habitat values, such as pekapeka bats feeding. This campsite development and road layout changes at Kiosk Creek are likely to be inconsistent with the park management planning framework, although this could be addressed through plan changes. A moderate level of resource management planning difficulty is expected.

Knobs Flat has been assessed to be geotechnically feasible, subject to designs of structures complying with recommended foundation construction. The area, however, is exposed to elevated risks from an active alluvial fan in the Eglinton River Valley, and resulting flooding. Bunds and cut drainage can mitigate flooding hazard.

Developing amenity buildings, accommodation, campsite, and road layout changes on Knobs Flat as proposed in the Masterplan has been assessed as likely consistent with the park management planning framework, assuming it is of an appropriate scale. A low to moderate resource management planning difficulty is generally anticipated.

### **Affordability and value for money**

Construction in isolated environments comes with significantly higher costs, compared to urban areas. The isolation challenges in Knobs Flat are materially lower than that at the village. Furthermore, the residual risks at the village from the AF8 risk present a significant additional cost to development that should be accounted for.

s9(2)(b)(ii), s9(2)(j)

## CLEDDAU FLATS SERVICE AREA – CRITICAL WORKER ACCOMMODATION

### Strategic fit and business needs

The Cleddau Flats Service Area, while close to the village, has a materially lower risk to life from a major tsunami event, being further away from the water's edge. Further, maintaining staff near, but not in, the village, will help support rescue and relief work following a major event in Piopiotahi Milford Sound.

### Achievability

The site at Cleddau Flats Service Area is habitat for the critically-endangered Boulder butterfly, which will present significant conservation and environmental challenges for the forest clearance necessary to enable development of accommodation services at the site. Cleddau Flats Service Area is notable as one of only two known sites where that butterfly is found – the other being in Deepwater Basin. Further work will be necessary to determine appropriate mitigations before developing the Cleddau Flats Service Area.

The Cleddau Flats Service Area is a former landfill, with known contamination. Development of the site should carefully manage any risk of discharge of those contaminants to nearby waterways in

flooding events. However, development of the site presents an opportunity to remediate the contaminated site.

The ability to obtain concessions and resource consents may also impact on achievability, particularly given the contamination. This would need to be examined in detail but could potentially be managed through changes to the planning framework.

The world heritage assessment feasibility study recommended not developing the Cleddau Flats Service Area, including for staff accommodation options – citing the extensive clearance of native forest required to support the development. It is not clear, however, the risk to world heritage status from individual development options.

### Summary

Because of the intolerable risk to life in Piopiotahi from seismic activity, and prolonged stays in the village, we consider it infeasible to develop or maintain accommodation for visitors or staff in the village. However, noting the cultural value of the existing hotel structure, care should be taken to preserve elements of the structure where possible.

Given its location and heavily alteration to the landscape already, visitor accommodation is most suited to Knobs Flat.

## Transport: Roading and public transport infrastructure

The Masterplan proposes to establish a regular hop-on-hop-off and express zero-emission bus service between Te Anau and Piopiotahi Milford Sound. This includes terminals at both ends of the journey and stops along the corridor.

There are also wider options for improving outcomes under this Project using road transport.

### Infrastructure initiatives within the location and variations

The Masterplan proposes a hop-on-hop-off bus service, with park and ride facilities. We have also

considered the infrastructure necessary to continue to support private vehicle access.

Considerations include:

- > Bus fleet
- > Bus terminal at the village
- > Bus stops at key nodes along the corridor
- > Bus terminal linked with a visitor centre at Te Anau, with car parking
- > Revamped car parking facilities at the village
- > Car parking facilities at key nodes along the corridor



## Feasibility assessment

### STRATEGIC FIT AND BUSINESS NEEDS

Supporting a movement to public transport options aligns with the strategic purposes to enable private enterprise, by enabling opportunities for concessionaires to provide transport opportunities for visitors along the corridor. It also supports the objective of delivering infrastructure that is environmentally sustainable and effective, by discouraging private vehicle travel along the corridor, thereby likely reducing carbon emissions, and likely reducing safety concerns from inexperienced drivers and the difficult driving conditions along the Milford Road.

The development and ownership of the proposed carparking facilities at the village by the Piopiotahi Investment and Delivery Entity enables the likely proposed managed access model for private vehicles to work.

The bus service also has the potential to support managed access initiatives through scheduling of services throughout the day, to soften daily peaks of demand.

### ACHIEVABILITY

There are material limitations to supporting a hydrogen or battery electric bus fleet along the corridor to the village. For example, hydrogen fuel cell technology is not yet sufficiently progressed to provide an affordable and reliable service. Battery electric buses will require charging along the corridor, requiring significant electricity infrastructure upgrades, and/or significant stoppage times to allow for recharging.

The establishment of bus shelters along the corridor is generally considered to be consistent with the planning framework. The development of a transport interchange in Te Anau is anticipated to have a moderate difficulty from a resource management perspective.

### AFFORDABILITY AND VALUE FOR MONEY

We have determined that it is infeasible for the Crown or the Piopiotahi Investment and Delivery Entity to acquire and operate the bus service proposed in the Masterplan, noting that would be prohibitively expensive to purchase the assets, and they would likely be idle for significant parts of the year. Instead, a model that enables private enterprise to operate a range of service, to meet consumer demand, would be more feasible.

### CAPACITY AND CAPABILITY TO DELIVER

Concessionaires provide a range of coach and bus services from Queenstown and Te Anau under current arrangements. Future development of Te Anau, the village, and the corridor should work with concessionaires to continue to provide those transport services, in alignment with the project's wider objectives – such as demand management.

The new Piopiotahi Investment and Delivery Entity and the Crown are not suitable owners, operators of the bus service, and should support private enterprise to deliver the services.

### Summary

Development should focus on providing the commercial opportunity to provide bus services between Te Anau and the village, with stops along the corridor. This includes sufficient terminus facilities at each end to support the flow of visitors and stops at key nodes along the corridor.

Car parking facilities at the village should support wider initiatives like access management.

## Transport: Aviation

The Masterplan proposes to remove the aerodrome at Piopiotahi Milford Sound, repurpose the land to improve the visitor experience, and develop a heliport at Deepwater Basin to maintain air access.

### Infrastructure initiatives within the location and variations

There are two main options, each with sub options:

- > 1A: Retain the aerodrome and keep current investment arrangements.
- > 1B: Retain the aerodrome and develop the asset with a long-term view
- > 1C: Retain the aerodrome and reorient the taxiway, apron and building
- > 2A: Remove the aerodrome, and remove commercial aviation access
- > 2B: Remove the aerodrome, and develop a heliport at Deepwater Basin (Masterplan proposal)
- > 2C: Remove the aerodrome, and develop a heliport at Cleddau Flats Service Area

### Feasibility assessment

#### STRATEGIC FIT AND BUSINESS NEEDS

The aerodrome has poor visitor arrival facilities, with pilots having to escort their passengers across live operational areas to their aircraft.

The current aerodrome footprint prevents Ngāi Tahu from accessing the water's edge where the waka first landed. Reorienting the aerodrome will partially, but not fully, remediate this issue.

Continuing aviation access deteriorates the experience for visitors arriving by land, by creating significant noise and visual nuisance.

The significant cost associated with developing the aerodrome with a long-term view of asset ownership presents challenges in recovering costs from aircraft operators, significantly increasing landing fees.

Developing a heliport at Cleddau Flats Service Area will require clearing a significant area of

native beech forest and continued pruning of nearby trees, which presents challenges for developing infrastructure that is environmentally sustainable.

The current ownership of the aerodrome presents challenges, where, aviation asset ownership is not in the Ministry of Transport's usual business.

The aerodrome, and Deepwater Basin sites, are both vulnerable to AF8 and landslide-induced tsunamis.

There is limited value in retaining the aerodrome to support a response to a natural disaster event, noting that the primary response will likely be with rotary wing aircraft.

The deteriorating runway could pose increasing risks to aviation safety.

Milford Sound presents a challenging flying environment for both fixed and rotary wing aircraft.

#### VALUE FOR MONEY AND AFFORDABILITY

Developing the asset with a long-term view, whether reoriented or not, comes with a significant cost. Even if only the operating costs are cost recovered from aircraft operators, it will become the most expensive aerodrome in New Zealand to land at, by a significant margin.

Even where the aerodrome redevelopment is fully cost-recovered, there is a significant up-front capital cost that will need to be supported by the IVAC revenue.

There are likely some risks of further cost escalation, especially in relation to rotary wing facilities – for example separating heliport facilities from the fixed wing aircraft facilities.

#### ACHIEVABILITY

The runway is in poor condition, and there is likely limited remaining life of the aerodrome – which means it is not effective or sustainable to maintain on its current path. We are aware of specific subsurface conditions that risk further deteriorating the runway, which require remediation, when taking a long-term view of managing the asset.

Developing a heliport on the Cleddau Flats Service area and Deepwater Basin areas is considered likely to be inconsistent with the park management



framework and challenging from a resource management perspective which could be addressed through revisions to the plan. There is an ability to manage negative cumulative effects from aviation through this planning framework with landings and takeoffs authorised by concessions.

#### **CAPACITY AND CAPABILITY**

The continued operation of the aerodrome presents capacity and capability challenges. It is the only wholly-Crown-owned airport left. Ownership and operation of an asset like an aerodrome requires specialist skills, so should be owned/operated by a Piopiotahi Investment and Delivery Entity with the suitable capacity and capability.

#### **Summary**

We should retain the aerodrome to support the diversity of access and commercial opportunity that aviation supports. However, to support a better visitor arrival experience, the aerodrome should be reoriented to shift the taxiway, parking, apron and buildings to the south of the runway. This presents an opportunity to improve passenger arrival facilities by constructing a visitor arrival building.

We should also take a long-term view of managing the aerodrome asset, by remediating ground conditions and improving sea defences.

### **Transport: cycle trail**

The Masterplan proposes a cycle connection along the corridor, from Te Anau Downs, past the Gateway of the national park, to Ō Tāpara Cascade Creek.

#### **Infrastructure initiatives within the location and variations**

This option considered the proposed cycle path from Te Anau Downs to Ō Tāpara Cascade Creek. It does not consider any material variations to that proposal.

#### **Feasibility assessment**

##### **STRATEGIC FIT AND BUSINESS NEEDS**

Developing a cycle trail along the corridor broadens the range of excursions available for visitors – broadening the active excursions beyond just walking tracks. It would encourage longer stays in the corridor, especially linking with the proposed new accommodation at Knobs Flat. The proposed cycle trail is also likely to attract younger people from markets that have not previously shown an interest in cycling.

The cycle trail would open up opportunities for private enterprise to host tours along the corridor, hire bikes, and offer other hospitality services. The proposed development offers a significant benefit

to the local economy, without adding to congestion at Piopiotahi Milford Sound.

##### **ACHIEVABILITY**

There are likely some challenges with developing certain sections of the cycle trail, requiring specific construction techniques to manage the effects on the environment. The proposed route of the cycle trail covers intact ecosystems, which will negatively impact the local ecosystem. Shifting the trail closer to the road may reduce those impacts. In any case, environmental feasibility reporting recommends considerations in offsetting the environmental effects from construction.

Some specific locations along the trail may also present challenges, such as along the western side of Ō Tāpara Lake Gunn, which has very steep rock faces. Construction techniques to manage these topographies are well understood – for example at the Lake Dunstan trail.

The cycle trail crosses areas with higher risk of rockfalls and slips. There are options to manage this risk, however, by developing constructed protections, or rerouting the trail to lower risk areas.

The trail is likely to be inconsistent with the national park management plan framework, although it may be able to consistent if located within the Front Country Visitor Setting, with moderate difficulty expected from a resource management approvals perspective. This could

be managed through changes to the planning framework.

#### **AFFORDABILITY AND VALUE FOR MONEY**

The development of the proposed cycle trails likely offers good value for money, by adding a significant additional opportunity for private enterprise, a different attraction to the area, and

further encouragement for visitors to stay in the corridor longer.

#### **Summary**

The cycle trail should continue to short listing, with specific features and risks managed at the implementation phase, including reducing avoidable environmental effects, and geotechnical risks by considering the most appropriate route.

## **Utilities: Piopiotahi Milford Sound**

Utilities at Piopiotahi Milford Sound should support the services within the village. This particularly includes water and electricity services.

#### **Infrastructure initiatives within the location and variations**

Sustainable infrastructure to support waste, fresh and storm waters, proportionate to the infrastructure present in the village.

Electricity and other energy infrastructure to support infrastructure and wider energy demands, including transport. Electricity options include isolated micro-grid development of the existing hydro dam, solar and battery, and diesel back up; or developing a high voltage line from Te Anau.

#### **Feasibility assessment**

##### **STRATEGIC FIT AND BUSINESS NEEDS**

The existing electricity infrastructure has limited remaining life and may require upgrades or remediation in the medium term. The existing hydroelectric generation facility supplies most of the electricity needs in the village and is backed up by diesel generators. The micro grid is at its supply capacity, which limits the ability for the village to support charging infrastructure for transport (cars, buses, aviation, maritime), which limits the ability to decarbonise transport operations in the village. Further, the lack of ability to support charging infrastructure does not support a positive visitor experience. However, deconstruction of facilities in the village, like the hotel and staff accommodation will lower the energy demands and release spare capacity.

Similarly with horizontal water infrastructure – where there is an increase in services at the

village, there will naturally be increases in pressure on water infrastructure. However, reducing infrastructure in the village will reduce demand for water services. Therefore, investments in waste water and freshwater services should be right-sized to the infrastructure that it supports.

Separate proposals to develop staff accommodation in Cleddau Flats Service Area presents an additional challenge in providing utility services.

##### **AFFORDABILITY AND VALUE FOR MONEY**

For electricity, we considered a high voltage line from Te Anau along the corridor to support electrification and development at the village. A high voltage line (33kV) from Te Anau is prohibitively expensive to the village – with cost estimations exceeding \$100m. A smaller line – 11kV will be more affordable (~\$50m), but still presents a significant cost line.

There are not likely to be any significant affordability challenges with redeveloping water services in Piopiotahi Milford Sound, including to support staff accommodation services at Cleddau Flats Service Area, especially where the demand on water services is expected to reduce, from lower accommodation options in and near the village.

Utilities are currently delivered privately with assets authorised with concessions. There are value for money considerations which depend on the extent to which investment can leverage existing assets. This can occur through investment post concession expiry or negotiation with concessionaires.

##### **ACHIEVABILITY**

Developing a high voltage line from Te Anau presents significant achievability challenges,



particularly in the trench digging required. Overhead lines are not appropriate for the National Park setting.

Upgrades to water infrastructure are not likely to present achievability challenges, noting that the land at the village is heavily modified, and there is existing water infrastructure in place.

While electricity upgrades in Freshwater Basin are likely consistent with the park planning framework, further information is required to ascertain consistency for three waters improvements in Piopiotahi Milford Sound. Moderate difficulty is expected on resource management approvals.

Challenges could be addressed through changes to the planning framework.

## Summary

Connect Piopiotahi Milford Sound with an 11kV line to Te Anau, and upgrade the existing hydropower plant.

Upgrades to existing water infrastructure to improve sustainability of service, but proportionate to the required service at the village.

Connect utility services to the Cleddau Flats Service Area to support proposed new critical staff accommodation.

## Utilities: Knobs Flat

Knobs Flat is proposed as an alternative development site for accommodation, and other services. Those services will require sufficient development of utilities to support.

### Infrastructure initiatives within the location and variations

Provision of three waters and electricity/energy infrastructure to support proposed infrastructure development, including visitor and staff accommodation.

### Feasibility Assessment

#### STRATEGIC FIT AND BUSINESS NEEDS

Supporting high-sized infrastructure development at Knobs Flat aligns with the investment objectives of this project – across providing a world-class visitor experience, delivering effective infrastructure, and enabling private enterprise. To effectively support that infrastructure, we need to develop appropriate utilities infrastructure.

#### ACHIEVABILITY

The electricity services in Knobs Flat will be heavily linked with services to Piopiotahi Milford Sound, should a high voltage cable run through the corridor. If there is a high voltage cable present, there is unlikely to be any significant affordability challenges in tapping the line to service Knobs

Flat. There are no material additional known barriers to achievability.

Further work will be necessary to understand challenge in developing water services to support accommodation and other hospitality at Knobs Flat.

Improved water supply and hydro electricity is likely to be consistent with the park management planning framework but more information is required before planning assessments on wastewater can be made. Moderate difficulty is expected on resource management planning approvals.

#### AFFORDABILITY AND VALUE FOR MONEY

There are unlikely to be any affordability challenges for electricity infrastructure in Knobs Flat, where a high voltage line is developed to service Piopiotahi Milford Sound. Further work is necessary for the provision of water infrastructure. Negotiation with concessionaires on leveraging current utilities may enhance value for money.

## Summary

Developing accommodation options at Knobs Flat is critical to supporting their removal from the village. To support those accommodation services, it is important to develop appropriate utilities services, like water and electricity. Therefore, we take forward waste and freshwater development options on site, and a high voltage line from Te Anau.

## Piopiotahi Milford Sound

The current infrastructure at the village does not support a world class visitor experience. Redesigning the village presents an opportunity to make improvements to visitor safety, to the resilience of the place, and to the overall visitor experience.

### Infrastructure initiatives within the location and variations

The Masterplan proposed a redesign of the village, including:

- > Reorientation of the road to support view shafts of Rahotu Mitre Peak on arrival to the village
- > Visitor arrival centre at the village
- > Refuges
- > Marine interpretive centre
- > Bowen Falls cable car
- > Barren Peak Spur viewing platform
- > Redevelopment of Freshwater Basin tourist boat terminal
- > Deepwater Basin commercial wharf
- > Shuttle services between arrival and the Freshwater Basin ferry terminal

### Feasibility assessment

#### STRATEGIC FIT AND BUSINESS NEEDS

Redesigning the infrastructure at the village has a strong alignment with the investment objectives to provide a world class visitor experience. There are also significant opportunities to enhance the understanding of Ngāi Tahu as mana whenua, to deliver infrastructure that is effective, efficient, and environmentally sustainable, and to enable private enterprise. Further, redesigning infrastructure in the village can help manage some of the risk to human life from a significant seismic event.

View shafts of Rahotu Mitre Peak from the Milford Road will help create a compelling sense of arrival – supported by a reorientation of the aerodrome.

A new visitor arrival centre will support efforts to educate and inform visitors of the significance of the area to mana whenua, the geology, conservation and environmental values of Piopiotahi Milford Sound and wider Fiordland, the risks of seismic events and where to seek refuge, and to act as a refuge itself in the event of a tsunami. Lastly, a new design of the visitor centre will tastefully integrate it into the landscape.

Refuges throughout the village and at the end of the corridor are necessary to support visitor and staff safety in a significant seismic event.

A well-designed visitor and/or marine interpretation centre could support education of visitors to the unique marine environment in Fiordland.

A cable car to Bowen Falls could provide further excursions and opportunities for visitors, enabling an improved visitor experience.

Barren Peak platform, supported with an enhanced walking track, will enable impressive views of Rahotu Mitre Peak from above the village, and broaden the visitor offerings at the village.

Redevelopment of the tourist boat terminal and the Deepwater Basin commercial wharf will support sustainable infrastructure of water-based activities – the main visitor attraction at Piopiotahi Milford Sound, improving the visitor experience and continuing to enable private enterprise.

#### ACHIEVABILITY

As canvassed throughout this feasibility assessment, Piopiotahi Milford Sound is exposed to significant seismic risks – primarily from landslide-induced tsunami. New, reconfigured, or redeveloped infrastructure development should ensure that the design supports safe refuge during such an event, and that the structures themselves are as resilient as possible. Not all natural hazard risk is mitigatable however. Other risks include landslide, treefall, rockfall – which is a particular problem in the area between the proposed visitor centre and ferry terminal.

The landscape at the village has the capacity to absorb new infrastructure, given it has already been significantly altered from its natural state. However, feasibility assessments note that care



should be taken to not compromise Bowen Falls as a significant landscape feature.

Proposed development is also considered environmentally feasible, but notes that increased access to the intertidal area is likely to result in an increased volume of visitors accessing the exposed seabed at low tide, which could negatively impact marine organisms. This is likely mitigatable through signage and education campaigns, and careful design to channel foot traffic away from sensitive areas.

The refuges proposed in the Masterplan, to help mitigate the effects of a major event, are unlikely to provide meaningful protection to people in an AF8 or similar scenario, while still being tastefully integrated into the landscape. We continue to propose that refuges be developed, but note that they are likely to provide shelter in smaller natural events, like landslide/rockfall and smaller earthquakes.

Within Piopiotahi Milford Sound, approximately 18 proposals are likely to be consistent with the park management planning framework, 14 are inconsistent and 4 are unclear. There is an expectation of a moderate to high resource management planning difficulty with 16 proposals carrying high difficulty if undertaken by a non-DOC party. This can be managed through changes to the planning framework.

There are a range of existing concessions and activities occurring in the area, with achievability of many proposals dependent on undertaking works when concessions expire or negotiating early expiry to avoid interference with the concession rights. s9(2)(b)(ii), s9(2)(j)

Redevelopment of the Freshwater Basin terminal and reorganisation of the arrivals area, currently privately operated, depends on future concession arrangements with potential for short and long term terms being granted. Redevelopment of the Deepwater Basin area also depends on working with concessionaires in the area, particularly the commercial fishing and kayak operations. s9(2)(b)

s9(2)(b)(ii), s9(2)(j)

Reorientation of the state highway will likely require use of roading powers and authority by Waka Kotahi.

## VALUE FOR MONEY AND AFFORDABILITY

The cable car concept provides some significant affordability and value for money challenges given the challenging terrain that it covers. We propose that it is not taken forward.

Further, the cumulative costs of a well-designed visitor centre, and a marine interpretative centre presents affordability challenge. We propose to that the marine interpretative centre is not taken forward, and that the visitor centre or facilities provided in Te Anau support marine education provision – for further consideration at the implementation phase.

We also propose to not take forward the idea of shuttles within the village. We have instead redesigned the spatial plan to allow for buses to continue to take passengers up to the Freshwater Basin ferry terminal.

## Summary

Redesign of the village is a key initiative in this Project, and represents significant opportunity to deliver the investment objectives. Creating a world class visitor experience, acknowledging and educating visitors about Ngāi Tahu as mana whenua, and enabling commercial enterprise are all key outcomes from a thoughtful spatial redesign.

For the preferred option, we recommend progressing view shafts of Rahotu Mitre Peak, a visitor arrival centre, refuges, a viewing platform at Barren Peak Spur, and improvements to wharfs and boat terminals.

We consider that the Bowen Falls cable car, and the marine interpretative centre do not provide sufficient value for money.

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## Te Anau

The proposals in Te Anau include the development of a visitor arrival centre and links with bus transit, and carparking facilities. The purpose of these facilities is to help facilitate access management and share information with visitors on the journey ahead.

### Infrastructure initiatives within the location and variations

Visitor hub and bus terminal with accompanying carparking facilities.

### Feasibility assessment

#### STRATEGIC FIT AND BUSINESS NEED

Te Anau is the gateway to the Milford corridor, and the closest town with major amenities, however few visitors stop and spend time in Te Anau – favouring instead to do a round trip from Queenstown in one day. Therefore, developing Te Anau as a visitor hub presents an opportunity to spread the opportunities from visitation to Piopiotahi Milford Sound.

A visitor hub and transport link meet the investment objectives by supporting visitor experience in having a clear start to the Milford journey, with appropriate links to public transport. It also offers the opportunity to educate visitors on the journey ahead, of the visitor opportunities available along the corridor, and of the risks and challenges with visiting Fiordland.

#### ACHIEVABILITY

The proposed visitor centre and transport interchange are deemed geologically feasible on the information available, noting that Te Anau is rated medium risk of liquefaction in Environment Southland assessments. Simple, light loaded structures are recommended with shallow strip or spread footings, while shallow ground improvements may be necessary depending on the site.

Assuming the hub is outside the national park which follows the lakefront boundary, the national parks planning framework would not apply. Moderate difficulty is expected from a resource management perspective.

#### AFFORDABILITY AND VALUE FOR MONEY

There are not likely to be any significant affordability or value for money challenges in developing a visitor hub at Te Anau, noting that it does not face the same isolation cost challenges as the corridor and the village.

Land acquisition has not been actively explored and will need further consideration in the implementation phases.

### Summary

Developing a visitor and transport hub in Te Anau should be taken forward to short listing. It supports wider initiatives to nudge visitors towards bus options, while providing an opportunity to improve the visitor experience at the start of the journey.

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## Node 1: Te Rua-o-te-moko Fiordland National Park Gateway

The Masterplan proposes to create a gateway to the Fiordland National Park to enhance the transition from the rural environment to Te Rua-o-Te-Moko and the wider Te Wāhipounamu World Heritage Area.

### Infrastructure initiatives within the location and variations

Entry pou where the Milford Road first enters the Fiordland National Park.

### Feasibility assessment

#### STRATEGIC FIT AND BUSINESS NEEDS

A thoughtfully designed welcoming pou at the entrance to the National Park supports the investment objective to acknowledge Ngāi Tahu



as mana whenua. Ngāi Tahu should be deeply involved in supporting final designs and location.

The welcome pou also support a world-class visitor experience by supporting a clear sense of the start of the journey to Piopiotahi Milford Sound.

#### **AFFORDABILITY AND VALUE FOR MONEY**

The entry pou is unlikely to add significant cost to the overall development programme. Further, given the opportunity that it presents to welcome visitors to the area, and to acknowledge Ngāi Tahu as mana whenua, it is likely to provide good value for money.

#### **ACHIEVABILITY**

The site for the proposed gateway has low landscape sensitivity, due to the presence of existing structures. However, it has high visual sensitivity due to the open nature of the lower Eglinton Valley and interface with the National Park. Environmental assessment determine that the proposed pou are unlikely to be of any ecological concerns assuming that they are located on unvegetated road margins, though

outdoor lighting for nighttime illumination should be avoided, as it can cause adverse effects to bird, bat and invertebrate species.

The proposed row of pou are deemed geologically feasible, though wind loading will need to be factored into the final designs.

There is insignificant natural hazard risk, but minor concerns about public safety if visitor stop close to the bend in the road to take photographs.

The pou would be outside the national park on private land with legal feasibility depending on the landowner's agreement.

#### **Summary**

The entry pou proposed in the Masterplan clearly support the investment objectives set out in this feasibility assessment, by acknowledging Ngāi Tahu as mana whenua, and supporting a world class visitor experience. They represent good value for money, and have no material concerns in achievability or capability to deliver, recognising the need for landowner agreement.

## **Node 2: Eglinton Reveal**

The Masterplan proposes to create a node at the Eglinton Reveal – a dramatic exit from bush with a strong visual connection along the Eglinton Valley, following the Milford Road. Eglinton is commonly the first stop for visitors along the Milford corridor.

#### **Infrastructure initiatives within the location and variations**

This proposed node includes a carpark, and bus stop facility, a short river walk, and a shelter with views towards Eglinton Valley.

The Masterplan also proposed a control point to manage access through its proposed permit system. That proposal has not been taken forward. Further discussion on proposed mechanisms for managing access is outlined elsewhere in the Economic Case.

#### **Feasibility assessment**

##### **STRATEGIC FIT AND BUSINESS NEEDS**

Using the Eglinton Reveal node as an additional threshold on the journey to Milford Sound aligns with the investment objective to create a world class visitor experience. The proposal includes a visually sympathetic stopping point, with striking views along the valley.

The node also supports improved visitor safety by including a carpark and bus stop to provide a safe area for visitors across transport modes to safety stop, while discouraging movement across the main road.

##### **ACHIEVABILITY**

The landscape at Eglinton Valley is highly sensitive to modifications and has high landscape sensitivity. It has a heightened sense of naturalness, owing to the lack of structures on the valley floor, and highly intact beech forest

on its fringes and is highly expressive of its formative process. Therefore the location of any structures or car parks need to be carefully considered – with the southern or south-eastern end of the open valley floor, where they would be outside of the main viewshaft. Cycle trails that follow the existing area of modification, will have a lower landscape impact.

Vegetation clearance could lead to loss of habitat for bird, lizard, bat and invertebrate species – mitigatable by minimising the built footprint, and selection of build location.

Proposed structures are feasible from engineering and geotechnical perspective, though further alterations to plans, eg a

multistorey building, will require further assessment.

The visitor shelter, information, toilets and carpark are likely to be consistent with the park management planning framework with moderate difficulty expected from a resource management approvals perspective.

## Summary

The Eglinton reveal node concept should be taken forward to short listing. It represents a significant opportunity to improve the visitor experience and safety by appropriately showcasing one of the first striking sights on the corridor.

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## Node 3: Te Huakaue Knobs Flat

Knobs Flat is at a central location along the corridor, in the Eglinton Valley. The Masterplan

proposes development of the site to support a wide range of accommodation options and supporting services. Those proposals and considerations are outlined in the accommodation section above.

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## Node 4: Ō Tāpara Cascade Creek, Mistake Creek

The Masterplan proposes to develop walking tracks and further amenities for the existing camping services at Ō Tāpara Cascade Creek and Mistake Creek.

### Infrastructure initiatives within the location and variations

This node includes proposals for:

- > Overnight accommodation on Te Huakaue – Ō Tāpara Easy Tramping Track (Mistake Creek, Countess Range or other location TBC)
- > A nature walk at Lake Gunn, and access for surface water activities
- > Improvements to camping amenities

## Feasibility assessment

### STRATEGIC FIT AND BUSINESS NEEDS

This node seeks to improve camping accommodation at the last stop before crossing the Southern Alps, and a variety of walking, cycling and water activities. It seeks to improve the visitor experience by broadening the short stop, and accommodation options available on the corridor.

### ACHIEVABILITY

The Masterplan identifies this site's challenges with flooding and the open landscape, and proposes a "tread lightly" approach.

The area is highly sensitive to landscape changes, due to glacial and fluvial formative process, and being devoid of structures and modifications. However, the campsite can accommodate upgrades to existing infrastructure without compromising landscape values.



Specific features of the proposal, such as stop banks to manage flooding risk, have the potential to generate adverse effects on the natural character of the creek, and should carefully consider the creek's pattern and process. Construction of bridges should avoid excessive vegetation clearance and adverse effects on the bed and margins of the Eglinton River West Branch.

A small-medium hut within the upper reaches of Mistake Creek Valley could be absorbed within the landscape, if properly managed. A larger hut would risk compromising the values of the landscape, and the remote and wild landscape values.

The area is susceptible to flooding and a medium liquefaction potential, but is geotechnically feasible to build on, assuming lightly loaded structures on shallow piles, or spread footing foundations. Structures may

need to be founded on elevated platforms to mitigate flood risks.

More information is needed to ascertain consistent with park management planning for the camping layout and waste water improvements. The carpark upgrade, bus shelter, toilet facilities and non powered watercraft are likely consistent, with facilities boat storage and use of powered personal watercraft likely inconsistent but could be addressed through changes to the framework. Low to moderate resource management approvals difficulty is expected.

## Summary

This proposed node should progress to short listing in full, noting the additional contribution to visitor accommodation, and more options in walking tracks. The feasibility study did not present any unmanageable challenges.

## Node 5: The Divide/Wakatipu Trails Head

The Divide and Wakatipu Trails Head are two nearby points where traditional and contemporary trails converge. This node seeks to recognise and build on those nearby trails and act as a short stop along the corridor journey.

### Infrastructure initiatives within the location and variations

Across the Divide, and Wakatipu Trails Head locations, this node could comprise of:

- > A wānanga or living classroom (proposal for a place of learning with shelters and interpretive materials – not a building per se)
- > Hinepīwai Hinepīwai/Lake Marian lower loop and accessible walkway to Hollyford River Whakatipu Kā Tuka lookout
- > Visitor shelter with car parking, road layout changes and landscaping
- > Toilets

## Feasibility assessment

### STRATEGIC FIT AND BUSINESS NEED

The proposed node and its associated network of surrounding trails is significant to Ngāi Tahu, who seek the return of their identity and connections to the mountains in the area. This node therefore forms an important part of our efforts to acknowledge Ngāi Tahu as mana whenua. The proposed wānanga should take the form of interpretative materials at the Divide, to sympathetically integrate into the landscape, while acknowledging the significance of the area for Ngāi Tahu.

The connection and development of the various historic and contemporary trails improves the visitor experience by improving the connection and facilities for some of New Zealand's finest walks.

### ACHIEVABILITY

The Divide and Wakatipu Trails head are highly renowned for a heightened sense of remoteness and are sensitive to increased presence of structures and modifications. There are, however opportunities to manage those effects

by, for example, using existing landscape modifications, like the Hinepitiwai/Lake Marian trail carpark, and developing structures away from the active bed and margins of the Hollyford River.

For one of the walking tracks: key summit to cascade creek, there is likely loss of canopy tawai/beechn trees on the steep slopes, and construction and design should carefully avoid wetland impacts.

Both sites have been geotechnically deemed as feasible for the proposed development, but require further studies on ground conditions in subsequent phases of work to ensure information is updated before construction.

The sites are exposed to significant-to-substantial natural hazard risk in the form of active debris flow near the Divide; and exposure to flooding from the Hollyford River, and rockfall/avalanche at the Wakatipu trails head site.

The additional loop walks proposed for the Wakatipu have been deemed infeasible for poor biodiversity and safety outcomes.

Proposals are generally likely to be consistent with the park management planning framework with the wananga facility and Lake Marian falls track unclear and the Lake Marian carpark, and Divide carpark likely inconsistent, although this could be addressed through changes to the planning framework. Low to moderate resource management planning difficulty is expected.

## Summary

The shelter and cultural interpretive materials should be taken forward to short listing, as should additional connecting walks to Hinepitiwai Lake Marian. These represent clear, achievable opportunities to improve visitor experience, and acknowledge Ngāi Tahu as mana whenua.

## Node 6: Gertrude Valley

Gertrude Valley, near the eastern entrance of the Homer Tunnel, offers established walks and striking views. The Masterplan proposes developing additional facilities to support a richer and more informative visitor experience and provide refuge against natural hazards.

### Infrastructure initiatives within the location and variations

Additional facilities proposed to support a node in Gertrude Valley include:

- > Monkey creek roadside bus bay and track
- > Lone tree walkway
- > Car park and road safety improvements

### Feasibility assessment

#### STRATEGIC FIT AND BUSINESS NEEDS

This node supports walking tracks and links to the New Zealand Alpine Club facilities. It was proposed in the Masterplan as a superior alternative to the Whakatipu-ka-tuku Hollyford

Valley viewpoint near the Homer Tunnel – a popular walking track until it was closed to avoid traffic congestion and natural hazard risk.

#### ACHIEVABILITY

Gertrude Valley has high landscape sensitivity, but with some areas less sensitive due to existing modification. Proposed development largely contained to areas with lower sensitivity concerns. The proposed loop track should be designed to avoid the margins of the active bed of Gertrude Creek, to reduce potential for effects on the natural character of the river.

This node supports very high ecological values in montane forest, with a shrubland, tussockland habitat sequence. Direct impacts of the Masterplan proposal are relatively small scale, however care should be taken in expanding carparking or transport facilities and the clearance of beech trees should be avoided. Exacerbating existing impacts on kea should be carefully managed, including by increasing or improving resources to manage human-kea interactions.



The planned structures are considered feasible, assuming they are simple and lightly-loaded with shallow foundations, but further pre-construction work is necessary to confirm soils and whether groundwater is present at shallow depths.

The node is subject to avalanche risk, with some natural resilience from the nearby forest.

Proposals are generally likely to be consistent with the park management planning framework,

with the carpark upgrade likely inconsistent, although this could be addressed through changes to the planning framework. Low to moderate resource management planning difficulty is expected.

## Summary

This node should progress to short listing in full noting the manageable challenges in achievability, and clear strategic fit.

## Node 7: Cleddau Cirque

Cleddau cirque offers striking views as visitors leave the western entrance of the Homer Tunnel. This node offers a safe and managed opportunity for visitors to stop for photos.

### Infrastructure initiatives within the location and variations

This node could include:

- > An observation point
- > Refuge from avalanche and rockfall risk

### Feasibility assessment

#### STRATEGIC FIT AND BUSINESS NEEDS

This node was initially proposed as a short stop opportunity for the journey along the corridor – seeking to improve the visitor experience.

There remain some material challenges in providing for visitor safety, with the corridor road near the proposed observation and refuge point.

#### ACHIEVABILITY

The proposed location of the site is in a high avalanche and rockfall risk zone. The proposal for a refuge supports visitor safety, but careful design will be necessary to accommodate the necessary volume of people.

The proposed development risks exacerbating existing impacts to kea. Construction of kea-safe buildings would mitigate these risks, as

would improvements in information resources for visitors.

The proposed node has high exposure to natural hazards – so discouraging visitors from venturing beyond the proposed footprint of the node, and consideration of its capacity and how long people are encouraged to stay there, will all be necessary.

The geological conditions at the proposed site present some significant construction challenges.

Proposed changes to road layout, carpark upgrade and rockfall shelter are likely to be consistent with the national park management plan framework with low to moderate resource management approvals difficulty expected.

#### AFFORDABILITY AND VALUE FOR MONEY

The site is subject to geological challenges that makes the proposed observation point and refuge a poor affordability and value for money proposition. This, combined with the enduring risk to visitor safety from the nearby busy road, means we propose not continuing with this proposal.

## Summary

We do not propose to take this option further, noting its significant geological challenges, and difficulty in creating a safe and affordable option.

## Managed access

As noted in the Strategic Case, during peak seasons there is significant congestion at the Homer Tunnel and at Piopiotahi, as a result of the majority of visitors travelling for the day and arriving during the mid-day peak to board a pre-booked cruise.

In doing so, many visitors skip key Milford Corridor experiences and this represents a significant missed opportunity for local tourism to support regional development and enterprise.

The road is also one of our most challenging with long drive times, distracting scenery, and

exposure to natural hazards. This places visitors in a difficult position of needing to navigate difficult terrain in a time-constrained trip.

The Masterplan recommends managing access to the Milford Road corridor using a permit and public transport system. Under the Masterplan, all visitors would be required to have a permit to access the road beyond Eglinton Reveal, and international visitors would be required to use a park and ride bus service.

This section looks at options for managing access, making use of the assessment criteria below.

Table 19 Assessment criteria for managed access long list

Success criteria	General	Applied to managed access
<b>Strategic fit and business needs</b>	Meets the agreed investment objectives, related investment requirements and visitor and conservation experience	<ul style="list-style-type: none"> <li>&gt; How will the different access models impact overall visitor experience (including addressing congestion issues)?</li> <li>&gt; How will the different access models impact safety?</li> <li>&gt; How will the different access models impact conservation outcomes?</li> <li>&gt; Requires analysis of different user types, their preferences, and impacts</li> </ul>
<b>Value for money</b>	Optimises public value (social, economic, and environmental) in terms of the potential costs, benefits, and risks of the programme.	<ul style="list-style-type: none"> <li>&gt; What is the cost-effectiveness and value of different access options?</li> <li>&gt; How would the different access models impact different groups?</li> <li>&gt; Requires analysis of environmental impact of different forms of access (i.e. carbon intensity)</li> </ul>
<b>Achievability</b>	Is likely to be delivered given the MOP's ability to respond to the change required, including assessing relevant legislative barriers	<ul style="list-style-type: none"> <li>&gt; Regulatory feasibility includes the degree to which different access options consider and alter existing access rights. These range from common law rights of access, human rights to freedom of movement, through to access arrangements enabled through current concession arrangements.</li> <li>&gt; Technical feasibility, including the nature of required physical works and services, seismic, health and safety, and ecological impact.</li> </ul>
<b>Affordability</b>	Can be funded from available finance sources, including funding across agencies and from alternative funding (such as a charge) and commercial arrangements	<ul style="list-style-type: none"> <li>&gt; Financial cost of implementing a permit system versus other approaches to managing access</li> <li>&gt; Identification of what could appropriately be funded through the IVAC</li> <li>&gt; An assessment of existing investment (sunk cost) (including by 3rd parties)</li> </ul>
<b>Capacity and capability</b>	The ability of key agencies, stakeholders and permission holders and concessionaires (current and future) to deliver the required visitor, conservation and related experiences.	<ul style="list-style-type: none"> <li>&gt; What is the capacity and capability of DOC, Waka Kotahi/Milford Road Alliance, etc and operators to deliver the different access models?</li> <li>&gt; What is the commercial viability of the different access models?</li> </ul>



**Table 20 Managed access long list options**

Key: Green = meeting, yellow = partially meeting, red = not meeting investment objectives and critical success factors

<b>Scope</b> What modes of visit do you want to manage?	<b>Option 1: Private light vehicles</b> Cars, campers and other light road vehicles arriving through the Milford Road.
	<b>Option 2: Rental light vehicles</b> Rented cars, campers and other light road vehicles arriving through the Milford Road.
	<b>Option 3: Coach and bus</b> Passenger vehicles like buses, coaches and shuttles, using the road.
	<b>Option 4: Walkers</b> Hikers arriving into Piopiotahi Milford Sound and the corridor from tracks like the Routeburn, and Milford.
	<b>Option 5: Cyclists</b> Cyclists using the Milford Road, and other side tracks.
	<b>Option 6: Aircraft</b> Helicopters and fixed-wing aircraft.
	<b>Option 7: Vessels</b> Small vessels arriving into Piopiotahi Milford Sound from the open seas.
	<b>Option 8: Cruise ships</b> Large cruise vessels arriving into Piopiotahi Milford Sound from the open seas.
<b>Scale</b> What types of arrivals should we target in access management?	<b>Option 1: Domestic visitors</b> People visiting for sightseeing purposes who are New Zealand citizens/residents/ordinarily resident.
	<b>Option 2: International visitors</b> People visiting for sightseeing purposes who are citizens/residents/ordinarily resident in countries other than New Zealand.
	<b>Option 3: Hunters/fishers</b> People accessing Fiordland National Park via the Milford corridor to hunt or fish.
	<b>Option 4: Hikers</b> People accessing the Milford corridor using one of the walking tracks, like the Routeburn.
	<b>Option 5: Residents and operators</b> People living or working, or otherwise operating in Piopiotahi Milford Sound.
	<b>Option 6: Mana whenua</b> People of the local iwi accessing the Milford corridor or Piopiotahi Milford Sound.
	<b>Option 7: Emergency services</b> Prevent international visitors from driving private or rented vehicles.
	<b>Option 8: Essential workers</b> Limited number of permits available each day.
<b>Service solution</b> What specific activities can we do to help manage access?	<b>Option 1: Restrict private vehicles</b> Require pre-applied permissions to access the Milford corridor by private vehicle.
	<b>Option 2: Schedule excursions</b> Require that excursions like boat cruises in Piopiotahi Milford Sound are scheduled throughout the day.
	<b>Option 3: Transport infrastructure</b> Enable park and ride with potential hop on/hop off buses.
	<b>Option 4: Nudge behaviour change</b> Redesign visitor experience to encourage visitors to take their time.



	<b>Option 5: Nudge mode shift</b> Encourage visitors to use concessioned transport methods.
	<b>Option 6: Limit parking</b> Reduce parking facilities and/or increase the price to deter visitors from using private vehicles.
	<b>Option 7: Ban international visitors from driving</b> Prevent international visitors from driving private or rented vehicles.
	<b>Option 8: Cap on daily visitor numbers</b> Limited number of permits available each day.
<b>Service delivery</b> What is the mechanism?	<b>Option 1: Free permits</b> Limited number of permits available each day for application to an administering authority.
	<b>Option 2: Paid permits</b> Limited number of paid permits available each day for application to an administering authority.
	<b>Option 3: All concessions</b> Permissions to operate in Fiordland National Park to contain conditions to help manage access, like scheduling.
	<b>Option 4: Barriers</b> Construct physical barriers at the entry to Fiordland National Park.
	<b>Option 5: Nudge infrastructure</b> Design infrastructure to discourage movement of private vehicles along the Milford corridor.
	<b>Option 6: Tourist stops</b> Develop nodes and points of interest along Milford corridor to encourage slower travel.
	<b>Option 7: Transport scheduling</b> Require that public transport to/from Milford Sound is spread throughout the day.
	<b>Option 8: Promote concessioned transport</b> Use marketing to encourage visitors to travel using a transport operator.
	<b>Option 9: Regulate via existing tools</b> Manage cruise via RMA coastal plan and other transport methods via district plan.
<b>Timing</b> When should access management initiatives apply?	<b>Option 1: 12 months</b> Initiatives apply year-round, subject to safety management in the winter.
	<b>Option 2: Shoulder and peak</b> Initiatives apply from Labour weekend to Easter.
	<b>Option 3: Peak season</b> Initiatives apply in December to February.
	<b>Option 4: Peak season</b> Initiatives apply in December to February.

### Assessment of the managed access options long list

A long list of options was assessed against the key investment objectives and critical success factors. Each option was assessed as meeting, partially meeting, or not meeting our investment objectives and critical success factors. The outcomes of this assessment are summarised below.

- **Scope:** Focus on options that manage access via private vehicles, bus and coach, aerodrome and large cruise. These constitute the vast majority of visitors to Piopiotahi Milford Sound.

We have ruled out managing the arrivals from walkers, cycles and small vessels entering Milford Sound from the open seas (except



cruise liners). Those modes of transport represent a very small portion of arrivals to Piopiotahi Milford Sound. Furthermore, those arrivals tend not to meaningfully contribute to congestion in Milford Sound and the corridor.

We have also ruled out differentiating treatment for rental vehicles as this will be challenging to implement due to legislative complications and difficult to enforce. It is also unjustified when compared to other hazardous roads in New Zealand.

> **Scale: All shortlist options to include international visitors, explore applying the model to domestic visitors, hunters and fishers.**

These groups visit Piopiotahi for primarily recreational reasons and the volume of visits attributable to these groups suggests managing their movements will most effectively support a reduction in congestion. We have ruled out other options partly for reasons of scale or for reasons specific to the nature of their interactions with the place:

- Hikers tend to take a different path into the corridor, or Piopiotahi, and do not meaningfully add to congestion
- Residents and operators Piopiotahi Milford Sound should be afforded freedom of movement to enable them to work and live in the place
- Māta whenua have customary rights of access and any managed access model would be seen to curtail these
- Emergency and essential services are excluded on the basis that any barriers to access should be removed to ensure emergency services are provided as quickly as possible.

> **Service solution: Bringing forward a range of activities to manage access.**

We have brought forward a range of activities on the basis there are different ways to meet the investment objectives and critical success factors. This enables us to test how these might interact with other choices made around the integrated business case options (e.g. concessions, charging).

We have ruled out banning international visitors from self-driving private or rented vehicles as per the Masterplan's original decision, as it is unlikely to be justified to prevent the rights to freedom of movement. The complexities associated with banning rental vehicles are noted above.

> **Service delivery: Bringing forward a range of mechanisms for delivering improvements.** Similar to the service solution options, we have brought forward a number of service delivery options for shortlisting including restrictions (free permits), nudge, use of infrastructure and tourist stops, scheduling to spread visitors (transport and/or concessioned activities) and promotion of public transport options. This recognises that there are a range of ways to influence travel behaviour and we will need to consider how these interact with other choices.

- We have ruled out barriers at the entry to Fiordland National Park as being inconsistent with the objective to keep access open to New Zealanders. It is also likely to create an additional congestion point within the Corridor and does not account for visitors who arrive via other transport methods (cruise, air). Paid permits were ruled out as an option because there are legal complexities with charging New Zealanders to access conservation land, and there is a limited justification to charge international visitors an IVAC and a permit to access Piopiotahi Milford Sound.
- We have also ruled out managed access via existing regulatory tools (Coastal Plan for cruise and Southland District Plan for all other transport methods). This is because managing access via concessions is more favourable, as it is the primary regulatory instrument for the national park management. Drawing on another regulatory regime (resource management) would add confusion, as the regimes would overlap.

> **Timing:** We have not ruled out any options.

Assembling options groups

Based on the assessments of how to manage access, five main options were identified for assessment.

Table 21 Managing access option 1

Managing access through a modified version of the Masterplan’s vision	<b>Scope:</b> Private and rental vehicles.
	<b>Scale:</b> Domestic and international visitors.
	<b>Service solution:</b> Restrict private vehicles, schedule excursions, transport infrastructure, nudge behaviour change, nudge mode shift limit parking.
	<b>Service delivery:</b> Free permits and tourist stops.
	<b>Timing:</b> Year round.

Under this option, access would be managed for domestic and international visitors who arrive in private or rented light vehicles. Private vehicles would be restricted, as only domestic visitors can drive into the village with pre-applied permissions (although parking would be limited), while international visitors are required to use park and ride infrastructure and all

visitors would be encouraged to use concessioned transport instead of self-driving. Excursions would be scheduled throughout the day to spread demand and tourist stops will encourage slower travel. Free permits would be required for all visitors. This option would apply year-round.

Table 22 Managing access option 2

Managing access via operator activities	<b>Scope:</b> Private and rental vehicles, aircraft and cruise ships.
	<b>Scale:</b> Domestic and international visitors, hunters and fishers.
	<b>Service solution:</b> Schedule excursions and nudge mode shift.
	<b>Service delivery:</b> Concessions, transport scheduling and promote concessioned activities.
	<b>Timing:</b> Year round.

Under this option, access would be managed for visitors who arrive using coaches or buses, aircrafts or cruise through transport operators and tourism experience operators. It would target both domestic and international visitors. Concession arrangements would be

renegotiated to ensure transport methods and tourism experiences are spread throughout the day. Visitors would be encouraged to use transport providers to travel to and from Piopiotahi Milford Sound. As a default, this



option would apply year-round to ensure simplicity for concessionaire's scheduling.

Table 23 Managing access option 3

<b>Managing access via a permit system</b>	<b>Scope:</b> Private and rental vehicles, coach and bus, aircraft and cruise ships with option to also include walkers, cyclists and other small vessels.
	<b>Scale:</b> Domestic and international visitors, hunters and fishers with option to also include hikers and mana whenua.
	<b>Service solution:</b> Restrict private vehicles, nudge behaviour change, nudge mode shift and limit parking with a cap on daily visitor numbers.
	<b>Service delivery:</b> Free permits, nudge infrastructure and promote concessioned activities.
	<b>Timing:</b> Year round, shoulder and peak or peak season, with option for intraday timing.

Under this option, access would be managed for all visitors through a free permit system arriving via private or rented vehicle, bus, coach or cruise and via the aerodrome. It would target both domestic and international visitors and hunters – there is also an option to manage access for cyclists and walkers too (despite this making up a small number of visitors) for the sake of simplicity. The free permits would create a cap

on daily visitors within the park and require all private vehicles to have pre-permitted access. The permit system could operate in multiple ways to spread demand and manage access: it could be implemented year-round, or during peak and/or peak and shoulder seasons, as well as intraday (to manage access through the park per hour).

Table 24 Managing access option 4

<b>Managing access via nudge through pricing and carparking limits during peak times</b>	<b>Scope:</b> Private and rental vehicles, coach and bus.
	<b>Scale:</b> Domestic and international visitors, hunters and fishers.
	<b>Service solution:</b> Restrict private vehicles, nudge behaviour change, nudge mode shift and limit parking with a cap on daily visitor numbers.
	<b>Service solution:</b> Transport infrastructure, nudge behaviour and limit car parking.
	<b>Timing:</b> Shoulder and peak season.

Under this option, access would be managed by limiting visitors who arrive via private or rented light vehicles and the overall availability of carparking within the village. It would target

domestic and international visitors and recreationalists accessing the Fiordland National Park via the Corridor. Access would be managed through limited parking (reduced

parking facilities and increased price). The infrastructure would be designed the discourage movement of private vehicles along the corridor

and to promote concessioned transport options. This option would operate during the shoulder and peak seasons.

Table 25 Managing access option 5

<b>Managing access via nudge through new transport options and visitor experiences/ accommodation along corridor</b>	<b>Scope:</b> Private and rental vehicles, coach and bus, aircraft.
	<b>Scale:</b> Transport infrastructure, nudge behaviour and nudge mode shift.
	<b>Service solution:</b> Transport infrastructure, nudge behaviour and nudge mode shift.
	<b>Service delivery:</b> Tourist stops, promote concessioned transport.
	<b>Timing:</b> Year-round.

Under this option, access would be managed for all domestic and international visitors arriving via private or rented light vehicles or coaches and buses. Recreationalists may also benefit from this model but would not necessarily have their access managed. Transport infrastructure

would be improved to enable park and ride facilities with potential for hop on/hop off buses and to encourage visitors to take their time to visit the nodes and points of interest across the corridor. This managed access model would operate year-round.

Assessing against critical success factors

The below table assesses the proposed managed access short list options against the critical success factors. It also provides a summary of the overall merit of each option with key components needed to make the option work.

Managing access through a modified version of the Masterplan’s vision

This option would require working closely with transport concessionaires to schedule services

throughout the day, and would likely create a mismatch in supply and demand for those services, especially during the middle of the day when many visitors travel to Piopiotahi Milford Sound. Those transport concessionaires currently do not operate with scheduling expectations to manage the flow of visitors, and the willingness for them to do so is unclear.

Likely to be more achievable where there is legislative change to the concessions framework, otherwise would require good faith negotiations with concessionaires, or would have to be timed to become a permission of renewed or new concession agreements.



Figure 8. Managing access through a modified version of the Masterplan's vision

Pros	Cons
<p><b>Strategic fit and business needs</b></p> <ul style="list-style-type: none"> <li>&gt; May improve visitor experience through reduced congestion within the village and at the Tunnel.</li> <li>&gt; May support better visitor flow through reorganising schedules.</li> <li>&gt; Will support visitors to spend longer in the Corridor and slow down their trip.</li> </ul> <p><b>Value for money</b></p> <ul style="list-style-type: none"> <li>&gt; Places significant access controls on international visitors, who represent the majority of visitors.</li> </ul> <p><b>Affordability</b></p> <ul style="list-style-type: none"> <li>&gt; IVAC could fund infrastructure required for this option.</li> </ul>	<p><b>Strategic fit and business needs</b></p> <ul style="list-style-type: none"> <li>&gt; Park and ride may push congestion to different part of Corridor as international visitors are required to wait for buses.</li> <li>&gt; Restriction of private vehicles and limited parking may be unfairly impact domestic visitors using the FNP for recreation.</li> </ul> <p><b>Achievability</b></p> <ul style="list-style-type: none"> <li>&gt; Likely to have legal barriers to banning international visitors from self-driving</li> </ul> <p><b>Capacity and capability</b></p> <ul style="list-style-type: none"> <li>&gt; Unclear whether the requirement to use insurance as a way to ban rent vehicle would be justifiable.</li> <li>&gt; Commercial viability of park and ride facilities unclear.</li> </ul>

## Managing access via operator activities

The commercial viability and social licence of this model is unclear, given concessionaires currently do not operate with conditions on visitor flows – would need careful consideration and implementation as part of the overall approach to concessions.

Likely to be more achievable where there is legislative change to the concessions framework, otherwise would require good faith negotiations with concessionaires, or would have to be timed to become a permission of renewed or new concession agreements. This may delay this implementation of this option, therefore reducing its effectiveness in the short- to medium-term.

Table 26. Managing access via operator activities

Pros	Cons
<p><b>Strategic fit and business needs</b></p> <ul style="list-style-type: none"> <li>&gt; May improve visitor experience through reduced congestion within the village and at the Tunnel.</li> <li>&gt; May support better visitor flow through reorganising schedules.</li> <li>&gt; Likely to encourage visitors to use concessioned transport to increase safety on the road.</li> </ul> <p><b>Value for money</b></p> <ul style="list-style-type: none"> <li>&gt; Places access controls on all visitors who engage in concessioned activities, which represents the majority of visitors.</li> <li>&gt; Likely to be cost-effective as it does not require significant infrastructure.</li> </ul> <p><b>Affordability</b></p> <ul style="list-style-type: none"> <li>&gt; Any infrastructure required could be funded through the IVAC, but may be unlikely.</li> </ul>	<p><b>Achievability</b></p> <ul style="list-style-type: none"> <li>&gt; Requires new or renegotiated concession contracts to implement.</li> <li>&gt; Unclear how technically feasible this option would be when balancing scheduling requirements and private businesses.</li> <li>&gt; Would require sufficient planning to ensure schedules support a good visitor experience.</li> </ul> <p><b>Capacity and capability</b></p> <ul style="list-style-type: none"> <li>&gt; Unclear how operators would react to, or if they would support, this access model.</li> </ul>



## Managing access via a permit system

This option's success will be dependent on an appropriate and cost-effective technological solution being available to manage access.

It may also require legislative change regarding New Zealanders' access to conservation land and will be subject to Crown Law advice. Requiring New Zealanders to get a permit to access

conservation land may prove politically unpalatable.

This option is not supported by TRONT given Ngāi Tahu have customary rights as mana whenua in Piopiotahi Milford Sound.

This model is likely to work better where there is public acceptance and support of the need to restrict access to preserve Piopiotahi Milford Sound for the future.

Table 27. Managing access via a permit system

Pros	Cons
<b>Strategic fit and business needs</b> <ul style="list-style-type: none"> <li>&gt; Less carparking may encourage mode shift, which could support safety</li> <li>&gt; Only operates during shoulder and peak season</li> </ul> <b>Achievability</b> <ul style="list-style-type: none"> <li>&gt; Likely easy to implement but may impact on concession arrangements</li> </ul> <b>Affordability</b> <ul style="list-style-type: none"> <li>&gt; IVAC could fund infrastructure to support public/concessioned transport</li> </ul>	<b>Strategic fit and business needs</b> <ul style="list-style-type: none"> <li>&gt; May target recreationalist who use parking facilities but do not engage in visitor experience activities in Piopiotahi Milford Sound</li> </ul> <b>Achievability</b> <ul style="list-style-type: none"> <li>&gt; May adversely impact visitor experience if option not communicated sufficiently</li> </ul> <b>Value for money</b> <ul style="list-style-type: none"> <li>&gt; Will only impact visitors who self-drive</li> </ul> <b>Affordability</b> <ul style="list-style-type: none"> <li>&gt; Will require investment in public transport/concessioned options to support other transport options</li> </ul> <b>Capacity and capability</b> <ul style="list-style-type: none"> <li>&gt; Commercial feasibility unclear as it only places access controls on one part of the Piopiotahi Milford Sound experience</li> </ul>

## Managing access via nudge through pricing and carparking limits during peak time

The impact on demand may depend on price for parking to sufficiently have an impact.

Cumulative impact of charges (parking, IVL and IVAC), as well as the overall price to visit Piopiotahi Milford Sound and New Zealand, would need to be considered.

It is unclear what impact it may have on conservation values.

It is likely to be a low cost option that can be implemented reasonably quickly.

This option is more amenable to delivery under current management arrangements, and therefore may be more effective at managing access in a shorter timeframe.

## Managing access via nudge through new transport options and visitor experiences/ accommodation along corridor

It is unclear what impact it may have on conservation values.

The option is likely to require a much greater investment to shift behaviour via nudge (i.e. without changes to concessions). This revenue will need to come from the charge, and therefore may only be implementable in the medium term.



Figure 9 Managing access via nudge and new transport options

Pros	Cons
<p><b>Strategic fit and business needs</b></p> <ul style="list-style-type: none"> <li>&gt; Will encourage visitors to stay longer and slow down their journey</li> <li>&gt; May reduce congestion if visitor numbers remain manageable despite longer stays</li> <li>&gt; Would provide benefits for visitors to the Park beyond those who go to Piopiotahi Milford Sound</li> </ul> <p><b>Achievability</b></p> <ul style="list-style-type: none"> <li>&gt; Likely to have few legislative barriers to implement</li> </ul> <p><b>Capacity and capability</b></p> <ul style="list-style-type: none"> <li>&gt; Likely to present new opportunities for operators to take advantage of</li> </ul>	<p><b>Value for money</b></p> <ul style="list-style-type: none"> <li>&gt; Likely to require significant investment in new transport options, visitor experiences and accommodation</li> </ul> <p><b>Achievability</b></p> <ul style="list-style-type: none"> <li>&gt; May have a long lead-in time as infrastructure experiences and accommodation are put in place</li> </ul> <p><b>Affordability</b></p> <ul style="list-style-type: none"> <li>&gt; New visitor experiences and accommodation will require material investment to have an impact on visitor behaviour</li> </ul>

## Concessions

### FRAMEWORK

A concession is an authorisation from the Minister of Conservation to undertake an activity on public conservation land and water. The Conservation Act 1987 sets out the framework for concessions, covering the application process, setting of conditions and fees, factors to be considered, and monitoring and enforcement. Section 4 requires DOC to give effect to the principles of the Treaty of Waitangi in all aspects of its work including planning and concessions.

### CURRENT STATE

Tourism activities and critical infrastructure in Piopiotahi Milford Sound and along the road corridor are authorised by a complex set of concessions. In Piopiotahi Milford Sound, the key activities authorised by concessions are: Tourism activities including boat cruises, guided tours, accommodation, bus transport and aircraft take-off/landings; Privately owned and operated infrastructure and services, including wharves, power generation, water provision, carparking, visitor centres, toilet fuelling, staff accommodation and some amenities; and Miscellaneous activities which includes further wharves, storage sheds, a lobster factory, and a weather station.

### CHALLENGES

The Masterplan identified significant challenges with concessions in Milford, finding that “the nature of existing concessions and other conservation authorisations constitutes a major impediment to achieving the desired outcomes”. Key challenges identified in the Masterplan and refined through feasibility testing are:

- > Current concession arrangements and infrastructure does not support visitor experiences that are diverse and consistent with national park values, conservation, safety, visitor management and cultural narrative.
- > Current concession arrangements create limited incentives for competition and innovation to enhance visitor experience. Funding and investment in visitor facilities and infrastructure is not optimal, planned or coordinated.
- > Concession arrangements do not currently reflect the full value (or cost) of concessions and the rights they convey, and does not provide for sufficient accountability and performance.

### OPPORTUNITY

There is an opportunity to take a more strategic and coordinated approach to concessions in Piopiotahi Milford Sound to ensure the regulatory system is both well-functioning and aligned with key outcomes.

The MOP Unit has been exploring new approaches to achieve the following objectives:

- > Commercial activities **enable the preferred option and the outcomes needed**, including visitor management, experience, integration of the cultural narrative, and conservation values.
- > **Concession arrangements enable private enterprise**, incentivise innovation and investment, and promote competitive tension, conservation and sustainable tourism.
- > **Impacts on existing rights holders are understood and managed** appropriately, consistent with achieving the masterplan goals.



## Assessment criteria for concessions long list

Success criteria	General	Applied to concessions
<b>Strategic fit and business needs</b>	Meets the agreed investment objectives, related investment requirements and visitor and conservation experience	<ul style="list-style-type: none"> <li>&gt; How will the different approaches to concessions improve the visitor experience, visitor management (including congestion issues), infrastructure, conservation and mana whenua?</li> </ul>
<b>Value for money</b>	Optimises public value (social, economic, and environmental) in terms of the potential costs, benefits, and risks of the programme.	<ul style="list-style-type: none"> <li>&gt; What is the cost-effectiveness and value of different options?</li> <li>&gt; How would the different approaches impact existing and future operators, including business impacts?</li> <li>&gt; Are the costs of more proactive approaches on the administrator and operators proportionate to the potential benefit?</li> </ul>
<b>Achievability</b>	Is likely to be delivered given the MOP's ability to respond to the changes required, including assessing relevant legislative barriers	<ul style="list-style-type: none"> <li>&gt; Regulatory feasibility includes the degree to which different approaches may impact the rights provided by concessions?</li> </ul>
<b>Affordability</b>	Can be funded from available finance sources, including funding across agencies and from alternative funding (such as a charge) and commercial arrangements	<ul style="list-style-type: none"> <li>&gt; Are more proactive approaches to management commercially affordable for operators?</li> </ul>
<b>Capacity and capability</b>	The ability of key agencies, stakeholders and permission holders and concessionaires (current and future) to deliver the required visitor, conservation and related experiences.	<ul style="list-style-type: none"> <li>&gt; What is the capacity and capability of DOC and operators to deliver the different approaches?</li> <li>&gt; What is the commercial viability of the different approaches?</li> </ul>

Table 28: Concessions long list

<b>Role of concessions system</b>  To what extent should the concessions system support MOP outcomes?	<b>Option 1: Ambivalent</b> Concessions system plays no role in achieving MOP outcomes.
	<b>Option 2: Avoids conflicts but otherwise ambivalent</b> Concessions system must not detract from MOP outcomes, but otherwise ambivalent to MOP outcomes.
	<b>Option 3: Aligned</b> Concession activities must support and be consistent with MOP outcomes.
	<b>Option 4: Executes</b> Concession activities are required to deliver and give effect to MOP outcomes.
<b>Regulatory instrument</b>  What is the primary mechanism for managing commercial activities in the National Park?	<b>Option 1: Retain concessions</b> Concessions remain the primary management instrument (with potential for statutory modification) and reflects current application of resource management regime.
	<b>Option 2: Replace concessions with resource management regime</b> Resource management district plans and consents become the primary mechanism for managing commercial activity, with concessions remaining but not used as a primary management instrument.
	<b>Option 3: New instrument</b> Creates a new type of statutory instrument that replaces concessions.
	<b>Option 1: Reactive</b>



<b>Allocation approach</b>  How should concessions be allocated?	Allocation is first in first served with status quo determination approach that focuses on ensuring minimum effects limits are not exceeded.
	<b>Option 2: Proactive and aligned</b> Allocation approaches are focused on achieving MOP outcomes. Use of competitive processes for key activities, with procurement criteria ensuring allocation goes to the operator best able to meet the vision on the best conditions possible.
	<b>Option 3: Proactive and directive</b> Prescriptive allocation approaches focused on explicitly giving effect to MOP outcomes. This involves use of allocation processes with strict procurement criteria based on MOP outcomes.
<b>Conditions</b>  What conditions should be included in concession arrangements?	<b>Option 1: Effects management</b> General use of DOC standard condition set, with some bespoke conditions focused on managing the effects of the activity.
	<b>Option 2: Targeted with moderate expectations</b> Expectations are focused on ensuring the key aspects of the activity are meeting MOP outcomes, setting moderate expectations.
	<b>Option 3: Prescriptive with high expectations</b> Conditions set high expectations and are highly specific to require the activity to meet MOP outcomes.
<b>Management approach</b>  How are concessions managed?	<b>Option 1: Limited</b> Oversight and management only where key issues identified.
	<b>Option 2: Proportionate</b> Monitoring and performance management focusing on key activities, with limited management of less critical activities.
	<b>Option 3: Intensive</b> Monitoring and performance management of all activities, with intensive management of key activities.
<b>Transition</b>  What is the scale and pace of change to current commercial activities?	<b>Option 1: Status quo</b> No changes are made, leaving activities to continue per status quo.
	<b>Option 2: Amend on expiry</b> Changes are sought only when concessions expire through issuing of new concessions on new conditions.
	<b>Option 3: Negotiated</b> Changes are achieved through re-negotiations but with no use of compulsory acquisition.
	<b>Option 4: Compulsory acquisition where necessary</b> Changes are achieved through a negotiation process that is supported by new legislation for acquisition where needed.
	<b>Option 5: Blank slate</b> Legislation is used to reset, replace and phase out all current activities and concessions.



## Assessment of the long list

- > **Role of concessions system – all shortlisted options involve concessions playing a role in supporting MOP outcomes.**

The concessions system authorises all private commercial activity in Piopiotahi Milford Sound and is the primary mechanism for managing activities so provides a critical instrument to influence outcomes. We have ruled out option 1 because it would be impossible to achieve MOP outcomes without concessions playing a role. We have brought forward options 2, 3 and 4 which provides optionality on the degree to which concessions are leveraged to support MOP outcomes.

- > **Regulatory instrument – concessions are the only shortlisted option, with replacement options excluded.**

Concessions in current or amended form have been identified as enabling the full suite of changes proposed. Option 2, replacing concessions with RMA planning has been excluded as it would effectively replace the application of conservation and national parks regimes in the area. Option 3 would involve developing an entirely new regime, and was excluded as it was not necessary, would involve substantial work and effort, and risk further complicating regulatory arrangements.

- > **Allocation conditions and management – all options taken forward.** For these dimensions, all options are taken forward.

These options provide a range of optionality and there are no options that should be immediately excluded.

- > **Transition – blank slate excluded with other options remaining.** Blank slate would impose significant and unnecessary impacts on existing operators and would involve significant legal complexity including potential requirements for compensation. Other options involve a lesser or more proportionate impact, providing optionality on the degree of impact.

## Assembling options groups

### REACTIVE AND EFFECTS BASED MANAGEMENT

**Role:** Avoids conflict but otherwise ambivalent

**Allocation:** Reactive

**Conditions:** Effects management

**Management:** Limited

**Transition:** Amend on expiry

### MODERATELY PROACTIVE AND STRATEGIC MANAGEMENT

**Role:** Aligned

**Allocation:** Proactive and aligned

**Conditions:** Targeted with moderate expectations

**Management:** Proportionate

**Transition:** Amend on expiry and negotiated with some compulsory acquisition where necessary

### HIGHLY PROACTIVE AND STRATEGIC MANAGEMENT

**Role:** Executes

**Allocation:** Proactive and directive

**Conditions:** Prescriptive with high expectations

**Management:** Intensive

**Transition:** Amend on expiry and negotiated with compulsory acquisition where necessary

## ASSESSING AGAINST CRITICAL SUCCESS FACTORS

Options	Pros	Cons	Commentary
<b>Reactive and effects based management</b>	<ul style="list-style-type: none"> <li>&gt; Minimal change in expectations minimises demands on DOC and operators, is achievable and affordable.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Minimal change in approach is unlikely to meet objectives.</li> </ul>	While this approach involves minimal demands and expectations on DOC and operators, it is unlikely to be sufficient level of intervention to achieve the key objectives for the area.
<b>Moderately proactive and strategic management</b>	<ul style="list-style-type: none"> <li>&gt; Meets strategic objectives by increasing visitor experience and management</li> <li>&gt; Moderate scale of change is likely achievable, and affordable and within capacity and capability limits.</li> <li>&gt; Provides value for money by balancing need to increase management but with less intensive requirements.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Step change in capacity and capability demands, and higher expectations may be challenging to meet by both operators and administrator.</li> </ul>	This approach takes a shift in expectations and proactivity required to improve outcomes, with the more moderate levels of intensiveness providing better value for money, achievable affordability with more gradual implications for in capacity and capability.
<b>Highly proactive and strategic management</b>	<ul style="list-style-type: none"> <li>&gt; Meets strategic objectives through proactive and intensive approach focused on providing a world class visitor experience and management.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; May not be achievable given potential of diverse responses from operators.</li> <li>&gt; May have low affordability due to challenges with operators meeting high and prescriptive standards. Substantial increase in capacity and capability demands to implement and manage.</li> <li>&gt; May not provide value for money through interventions being more intensive than necessary to achieve the outcomes</li> </ul>	While the high degree of expectations and intensive management is likely to achieve world class visitor and management outcomes, this level of intensiveness may be disproportionate to the outcomes sought to be achieved with low achievability, affordability and high demands and capacity and capability.



## Charging and funding

Cabinet previous agreed:

This section outlines the dimensions of choice and grouping of options for charging an IVAC to visitors to Piopiotahi Milford Sound. The charge is intended to create a source of revenue from visitors, to fund infrastructure development, ensuring that the projects are self-funding, and to give back to community and conservation initiatives, thereby mitigating the negative impacts of tourism, or creating a positive impact.

“

that the Milford Opportunities Project would be self-funding via differential pricing access for international visitors collected through the permit system and through revenue generated from the public transport system, a contribution from which would fund conservation work in the wider Fiordland National Park.”

Table 29. Assessment criteria for charging and funding long list

Success criteria	General	Applied to charging and funding
<b>Strategic fit and business needs</b>	Meets the agreed investment objectives, related investment requirements and visitor and conservation experience	<ul style="list-style-type: none"> <li>&gt; How will different IVAC venue volumes impact efforts to improve conservation and community outcomes?</li> <li>&gt; How will different charging mechanisms impact on visitor experience?</li> <li>&gt; Will collecting an IVAC change visitor arrival numbers, and therefore change the visitor experience?</li> </ul>
<b>Value for money</b>	Optimises public value (social, economic, and environmental) in terms of the potential costs, benefits, and risks of the programme.	<ul style="list-style-type: none"> <li>&gt; How will IVAC design, rates, and exemptions impact our ability to fund initiatives in this business case?</li> <li>How will the IVAC design and implementation affect the net impact of tourism on community and conservation outcomes?</li> </ul>
<b>Achievability</b>	Is likely to be delivered given the MOP's ability to respond to the changes required including assessing relevant legislative barriers	<ul style="list-style-type: none"> <li>&gt; Legislative and regulatory feasibility – including the degree to which a charge is permissible under current arrangements, or what needs to change to make it permissible.</li> <li>&gt; Technical feasibility – are there any significant challenges in developing the necessary physical or technological infrastructure to support IVAC collection?</li> </ul>
<b>Affordability</b>	Can be funded from available finance sources, including funding across agencies and from alternative funding (such as a charge) and commercial arrangements	<ul style="list-style-type: none"> <li>&gt; To what extent will funding be necessary to support the initial or ongoing implementation of the charge?</li> <li>&gt; What challenges does drawing on external funding present for the charge and the project?</li> <li>&gt; What are the costs of collection?</li> </ul>
<b>Capacity and capability</b>	The ability of key agencies, stakeholders and permission holders and concessionaires (current and future) to deliver the required visitor, conservation and related experiences.	<ul style="list-style-type: none"> <li>— What is the capacity and capability of the charging authority to collect and administer the IVAC revenue and allocation?</li> <li>— What is the capacity and capability for commercial operators to collect the charge on behalf of the charging authority?</li> <li>— What impact might the charge have on commercial operations in Piopiotahi Milford Sound?</li> </ul>



**Table 30: Charging options long list**

<b>Scope</b> Who should pay the charge?	<b>Option 1: Citizens and residents of New Zealand</b> People visiting for sightseeing purposes who are ordinarily resident or hold a New Zealand passport
	<b>Option 2: International visitors</b> People visiting for sightseeing purposes who are ordinarily resident in countries other than New Zealand.
	<b>Option 3: Hunters/fishers</b> People accessing Fiordland National Park via the Milford corridor to hunt or fish.
	<b>Option 4: Hikers</b> People accessing the Milford corridor using one of the walking tracks, like the Routeburn.
	<b>Option 5: Residents and operators</b> People living or working, or otherwise operating in Milford Sound.
	<b>Option 6: Emergency services</b> Ambulance, fire, police, and other services like search and rescue.
	<b>Option 7: Essential workers</b> Employees and contractors from central or local government working in the Milford corridor or Piopiotahi.
<b>Scope – variable rates</b> Should we discount, or vary the charge, or exempt anyone from paying?	<b>Option 1: Age - Children</b> Exemptions and/or discounts for children (eg discounts for 12 and under).
	<b>Option 2: Age - Pensioners</b> Exemptions or discounts for arrivals above a set age
	<b>Option 3: Mana whenua</b> Exemptions for mana whenua exercising their rights to access lands.
	<b>Option 4: Australians</b> Exemptions or discounts for people normally resident of Australia.
	<b>Option 5: Mode of transport</b> Exemptions or discounts for those arriving by different modes of transport.
	<b>Option 6: Overflights</b> Those flying over Piopiotahi but not landing.
	<b>Option 7: Other concessions</b> Exemptions for other common societal concessions – eg students, veterans.
<b>Scale</b> How should we determine the charge and what should it pay for?	<b>Option 1: Cost recovery – visitor experience</b> Break even on maintenance and renewal of core visitor experience infrastructure in Piopiotahi and the corridor.
	<b>Option 2: Cost recovery – all infrastructure</b> Break even on maintenance of infrastructure in Piopiotahi, the corridor and select parts of Te Anau, including transport and utilities infrastructure.
	<b>Option 3: Giving back – low</b> Modest annuity for conservation and environment initiatives to partially manage negative effects of tourism.
	<b>Option 4: Giving back – moderate</b> Moderate annuity for conservation and environment initiatives, to offset the negative effects of tourism.
	<b>Option 5: Giving back – high</b> Significant annuity for conservation and environment initiatives, to create a material net-positive benefit of tourism.
<b>Service delivery</b> How should we collect the charge?	<b>Option 1: Through concessionaires offering excursions</b> Select group of concessionaires, such as boat cruise operators, collect visitor levies in their ticket price.
	<b>Option 2: Collection point on the corridor - manned</b>



	Barrier-arm-style collection point on the Milford Road.
	<b>Option 3: Collection point on the corridor – unmanned</b> Toll-road or similar collection mechanism, or barrier arm with payment
	<b>Option 4: Self-initiated payment</b> Visitors pay charge at a DOC office or online before departing for Piopiotahi. No enforcement of compliance.
	<b>Option 5: Through transport fares</b> Collection through aviation concessionaires, cruise operators, and coach providers.
	<b>Option 6: Through accommodation providers</b> Collection through accommodation providers in Piopiotahi and the corridor.
<b>Enforcement</b> What enforcement mechanism should we put in place?	<b>Option 1: Through concessionaires</b> Require concessionaires operating in Piopiotahi Milford Sound or the corridor to ensure their customers have paid the charge, or have a valid exemption.
	<b>Option 2: On arrival</b> Point at the entry to the corridor, or Piopiotahi Milford Sound, checking proof of charge payment or exemption.
	<b>Option 3: Enforcement officers</b> Officers with powers to stop visitors and request proof of charge payment or relevant exemption, with powers to issue infringement notices.
	<b>Option 4: Education campaign</b> Signs and information campaign in Piopiotahi and the corridor, including with concessionaires, reminding visitors to pay charge.
	<b>Option 5: Honesty system</b> No specific enforcement activity.
<b>Timing</b> Should we include differential pricing based on time or duration of visit?	<b>Option 1: Seasonal variation</b> Lower, or zero levies in winter, or higher levies in peak season.
	<b>Option 2: Intra-day pricing</b> Lower rates for visitors arriving at off-peak times during the day.
	<b>Option 3: Levies collected daily</b> New charge payment required for each day visitors are in Piopiotahi Milford Sound or the corridor.
	<b>Option 4: Charge payments last multiple days</b> Charge payments valid for multiple days (eg 7 days).
<b>Implementation</b> When should we implement the charge?	<b>Option 1: Immediately</b> From passage of legislation to implement the charge.
	<b>Option 2: Ramped up</b> A gradual increase in the fee as infrastructure projects are developed.
	<b>Option 3: Upon completion of significant construction projects</b> Visitor charge implemented after major construction projects completed.
	<b>Option 4: Charge implementation aligned to visitor volumes</b> Charge implemented once visitor volumes reach a set level after construction.

## Assessment of the long list

A long list of options was assessed against the key investment objectives and critical success factors. Each option was assessed as meeting, partially meeting, or not meeting our investment objectives and critical success factors. The outcomes of this assessment are summarised below.

- > **Scope – focus on options that charge international visitors, including those hunting, fishing, and hiking.** We have brought forward these options on the basis they capture international tourists to Piopiotahi Milford Sound, who may visit for a range of reasons. This aligns with the intent of the charge being to collect revenue from those that are making use of the place for tourism or recreation/leisure and providing an opportunity for them to ‘give back’ to the place.

We have ruled out charging New Zealanders and those ordinarily resident in New Zealand. This aligns with similar mechanisms used in the conservation estate, including for Great Walks. We have ruled out New Zealanders to align with the strategic objectives of continuing to allow New Zealanders free access to their conservation lands.

We have also ruled out charging residents and operators living, working, or otherwise operating in Piopiotahi, emergency services and essential workers, including employees and contractors from central and local government. Those individuals would all be entering Piopiotahi on official or commercial business, and it is not the strategic intention to charge them for access.

- > **Scope – variable rates – all shortlisted options to include reduced levies and exemptions for children of different ages, exemptions for mana whenua, and those flying over Piopiotahi**

- **It is common, accepted practice to discount for children (eg under 15).** Existing boat operators in Piopiotahi already provide a discount for children under 14.

- **Mana whenua should have free access to land over which they hold customary rights.** This includes those that do not have a New Zealand passport and are not normally resident in New Zealand.

- **We consider it to be prohibitively difficult to collect levies from aircraft passengers flying over Piopiotahi.** Given these passengers do not land in Piopiotahi itself, their impact on the place is considered to be minimal.

We have ruled out exempting the following groups from paying the charge:

- **Australians** – we have considered exempting or discounting for Australian citizens, noting Kantar research illustrating a lower willingness to pay, therefore likely some demand elasticity. However, we ruled out on the basis that there is little credible argument for exempting, and noting a high volume of Australian visitors (approximately 20%) – which would materially deteriorate the IVAC revenue stream if exempted or discounted.

Precedent for exempting or discounting for Australians in similar charges is mixed. They are exempt from paying the International Visitor Conservation and Tourism Levy, noting that to charge Australians to enter New Zealand would likely be in conflict with the Trans Tasman Travel Arrangement – which seeks to allow Australians and New Zealanders to visit, reside and work in each other’s country without restriction. However, Australians are not eligible for the domestic rates for Great Walk huts, unless they are ordinarily resident in New Zealand.

We consider that charging Australians the Milford Sound IVAC would not be in material conflict with the Trans-Tasman Travel Arrangement, noting that Piopiotahi Milford Sound represents a small part of New Zealand, normally only visited for tourism purposes.

- **Other exemptions** – including veterans, students, lower incomes – ruled out on the basis that any domestic visitors with



physical or financial barriers to entry are likely to be exempted under the domestic exemption, and there is little meaningful basis or precedent to provide an exemption for international visitors with the ability to visit Piopiotahi Milford Sound are unlikely to have meaningful barriers to paying the charge.

- **Mode of transport** – in the interest of building a simple, low-base charge collection model, we have ruled out mode of arrival, including cruise ships, aircraft, private vehicle or public coach, as a factor for exempting or discounting charge payments. Visitors to Piopiotahi enjoy the benefits of the conservation, environmental and infrastructure investments, regardless of their mode of arrival.
- > **Scale** – all shortlist options to include a **giving back component**. We rule out having the charge only collect to cost recover infrastructure investment, noting a key investment objective is to improve the visitor experience and to enhance conservation and community.
- > **Service delivery and enforcement** – **collection and enforcement mechanisms are interlinked**.
  - We rule in education campaigns as a low-cost enforcement mechanism.
  - We rule out collection through accommodation providers, noting that most visitors to Piopiotahi stay in Queenstown or Te Anau, which is likely to be outside of the charging zone.
  - The appropriateness of further enforcement mechanisms like officers in Piopiotahi, depend on the collection mechanism used. For example, where the charge is collected through concessionaires only, it would not be appropriate to use enforcement officers in Piopiotahi, given not all visitor arrivals would have had the opportunity to pay the charge.
- > **Timing** – **payments should be valid for multiple days** to acknowledge the range of multi-day experiences in Piopiotahi and the

corridor and encourage their use. Therefore, levies collected daily for multiple entries has been ruled out. We also rule out intra-day pricing to flatten daily demand peaks, as it would be prohibitively difficult to implement, especially where charge payments are valid for multiple days.

- > **Implementation** – levies should become payable on completion of significant construction projects and should not be linked to visitor volumes. The purpose of the charge is to gather funding to pay for infrastructure upgrades and to give back to conservation and environmental efforts, rather than be used as a demand control mechanism. As such, we rule out linking commencement of charge collection to visitor volumes.

## Assembling options groups

Based on the assessments of how to collect a charge for Piopiotahi Milford Sound, we have identified three main options for assessment:

### FEES COLLECTED THROUGH TRANSPORT CONCESSIONAIRES AND PRE-ARRANGED PERMITS (MASTERPLAN PROPOSAL)

**Scope:** All international arrivals

**Exemptions:** Discounts: Children, mana whenua.

**Scale:** Moderate degree of giving back

**Service delivery:** Self-initiated payment, and through transport providers

**Enforcement:** Enforcement officer, with education

**Timing:** Charge payments valid for multiple days

**Implementation:** Upon completion of significant projects

Under this option, all visitors will be required to obtain a permit before entering Piopiotahi Milford Sound, collected through concessionaires offering transport to Piopiotahi. International visitors would pay the IVAC on application for the permit, while domestic visitors would have a fee-free permit. For those



travelling by private vehicle, a separate permit application process would need to be established.

The IVAC would fund visitor infrastructure in Piopiotahi, the corridor, and relevant parts of Te Anau, and would include a moderate allocation for “giving back” to conservation and environment initiatives. The charge would be ramped up to line up with infrastructure development, and it would be valid for multiple entries over a week.

#### PRE-ARRANGED, SELF-PAID FEES

**Scope:** All international arrivals

**Exemptions:** Discounts: Children, mana whenua.

**Scale:** Moderate degree of giving back

**Service delivery:** Self-initiated payment

**Enforcement:** Enforcement officer, with education

**Timing:** Charge payments valid for multiple days

**Implementation:** Upon completion of significant projects

This option is agnostic to the time or transport of arrival, and requires visitors to pay a fee ahead of arriving at the charging zone, and have concessionaires operating in Piopiotahi and the corridor require visitors to demonstrate proof of payment of the charge, or relevant exemption. The charge payment would be applicable for multiple days, and would be payable from visitors arriving after completion of significant construction projects.

#### CHARGE COLLECTION THROUGH ALL CONCESSIONAIRES

**Scope:** All international arrivals

**Exemptions:** Discounts: Children, mana whenua.

**Scale:** Moderate degree of giving back

**Service delivery:** Through concessionaires offering excursions and through transport fares.

**Enforcement:** Through concessionaires and education.

**Timing:** Charge payments valid for multiple days

**Implementation:** Upon completion of significant projects

This option assumes all levies are collected through concessionaires operating in Piopiotahi or the corridor, including boat cruise operators, and transport into the village. Visitors will be prompted to pay the charge on booking their excursion or transport, with the option to skip if they have already paid, or are exempt from payment. Enforcement would be primarily through concessionaires and education, which may restrict our ability to issue infringement notices.

This option may have some leakiness, for example in where people arrive by private transport and do not book onto a boat cruise or other excursion, or where they hike into the corridor.

#### OTHER CONSIDERATIONS

The option groups above can be overlaid with additional considerations, as outlined below.

##### Intra-day differential pricing

Intra day differential pricing would seek to smooth visitor arrivals by charging a different rate throughout the day – for example, by charging a higher rate at peak time. This option would rely on a manned collection point on the Milford Road, to ensure that travelling visitors are counted properly in each vehicle, and to give effect to differential pricing. That could be supplemented with transport providers collecting and passing on charge revenue. Arrivals by aerodrome or by sea would face the same dynamic pricing principles.

This additional feature may require a shift to charging visitors the IVAC for each day that they are in the charging zone (including those staying in Piopiotahi or the corridor) given the need to manage visitor flows on a daily basis, and could complicate the introduction of the charge given each visitor would be liable to pay a different rate. We consider that these implementation challenges are prohibitive to implementing



meaningful intra day dynamic pricing straight away.

#### Charge encouraging mode-shift

Supplementary to the option groups above, a variable rate of the charge could be implemented to encourage transport mode shift to options that create less negative impact on other visitors. It could offer a discount to those travelling to Piopiotahi by public coach or through a hiking trail, while maintaining the full rate for cruise, aviation and private vehicle arrivals.

To implement this option, collection would be necessary through transport fares, which could be supplemented by a self-initiated payment for those who arrive by private vehicle.

This variation would create significant administrative complexity, and challenges in

creating consistent enforcement. For that reason, we rule out varied rates to encourage mode shift.

#### Assessing against critical success factors

We assess each of the assembled options above against the critical success factors outlined in this business case.

Any option that implements a charge will require enabling legislation to grant authority to collect, and likely development of further mechanisms defined in regulation. Therefore, implementation timeframes for the charge will be driven by Parliamentary timetable

Options	Pros	Cons	Commentary
<b>Fees collected through transport concessionaires and pre-arranged permits</b>	<b>Achievability</b> <ul style="list-style-type: none"> <li>&gt; Broad scope of collection.</li> <li>&gt; Uses existing commercial transactions to make payment easier for visitors.</li> </ul> <b>Affordability</b> <ul style="list-style-type: none"> <li>&gt; Minimised risk of leakage.</li> <li>&gt; Minimised leakage increases affordability of wider initiatives by securing more revenue.</li> </ul>	<b>Strategic fit</b> <b>Achievability</b> <ul style="list-style-type: none"> <li>&gt; Permit type system risk of being administratively cumbersome and politically unpalatable.</li> <li>&gt; Could be difficult to sensibly manage exemptions to charge payments through a permitting system, without also requiring New Zealanders to apply for a permit.</li> <li>&gt; Depending on the verification of exemptions, this option could present challenges with information management and privacy requirements.</li> </ul> <b>Value for money</b> <ul style="list-style-type: none"> <li>&gt; Multiple collection points add administration costs, and therefore decreases overall revenue collected.</li> <li>&gt; Likely to need to pay concessionaires for administration of charge collection, which would be subject to negotiation when new concessions are issued.</li> </ul> <b>Capacity and capability</b> <ul style="list-style-type: none"> <li>&gt; Could require concessionaires to upgrade systems, or change processes.</li> </ul>	<p>We consider that this option carries significant administrative and enforcement challenges, as such, we do not recommend progressing it further.</p> <p>For this option to work, we would need to renegotiate concession arrangements with the transport providers.</p>
<b>Charge collection through self-initiated payment</b>	<b>Strategic fit, Achievability</b>	<b>Achievability</b> <ul style="list-style-type: none"> <li>&gt; Risk of leakage for those entering the charging zone, but not Milford</li> </ul>	This is an attractive option for collecting charge revenue directly to the authority, thereby not relying

Options	Pros	Cons	Commentary
	<ul style="list-style-type: none"> <li>&gt; Simple approach, single collection point, broad collection</li> </ul> <p><b>Capacity and capability</b></p> <ul style="list-style-type: none"> <li>&gt; Charging authority will be well set up to collect the charge</li> <li>&gt; Only requires one system for development and administration</li> </ul> <p><b>Value for money, Affordability</b></p> <ul style="list-style-type: none"> <li>&gt; Collection costs minimised by having a single collection system</li> </ul>	<p>Sound village (eg Routeburn, Hollyford hikers).</p> <p><b>Strategic fit</b></p> <ul style="list-style-type: none"> <li>&gt; Self-initiated payment creates an additional administrative step in visiting Piopiotahi – deteriorating the visitor experience.</li> </ul>	<p>on concessionaires as a collection mechanism.</p> <p>Appropriate enforcement and education will be necessary to make this option work – including rangers at Piopiotahi village reminding visitors of their obligations to pay.</p>
Charge collection through all concessionaires	<p><b>Achievability</b></p> <ul style="list-style-type: none"> <li>&gt; Broad scope of collection.</li> <li>&gt; Potentially simple enforcement</li> </ul> <p><b>Strategic fit</b></p> <ul style="list-style-type: none"> <li>&gt; Uses existing commercial transactions to make payment easier for visitors.</li> </ul> <p><b>Affordability</b></p> <ul style="list-style-type: none"> <li>&gt; Potentially low friction payment and compliance for visitors.</li> </ul>	<p><b>Achievability, Strategic fit</b></p> <ul style="list-style-type: none"> <li>&gt; Risk of being administratively complex and difficult to enforce, especially around proving payment to multiple concessionaires.</li> <li>&gt; Depending on the verification of exemptions, this option could present challenges with information management and privacy requirements.</li> <li>&gt; Could be difficult to design in a way that avoids risk of visitors being asked to pay twice.</li> </ul> <p><b>Value for money</b></p> <p>Risk of leakage from those who don't engage with a concessioned business</p> <p><b>Capacity and capability</b></p> <ul style="list-style-type: none"> <li>&gt; Potentially expensive for smaller concessionaires to administer.</li> </ul>	<p>This option is attractive for its low friction payment and compliance for visitors, thereby potentially minimising the impact on visitor experience from collecting the charge.</p> <p>However, it could present material challenges for concessionaires and would likely require renegotiating contract arrangements.</p>



## Appendix 3.2: Infrastructure proposals mapped to the short list options

### Option 1 (enhanced status quo): Incremental improvements on the status quo

#### BRIEF DESCRIPTION

This option does not provide any material funding, institutional or regulatory changes, but uses existing mechanisms to coordinate and improve combined efforts at Piopiotahi Milford Sound.

Maintain BAU while minimising possible harm to conservation values.

#### VISITOR EXPERIENCE AND CONSERVATION IMPACT

- > Place and visitor experiences likely to continue to decline.
- > Continued risk to conservation and biodiversity outcomes within Piopiotahi.
- > This option is unlikely to meet the aspirations of Ngāi Tahu.
- > No ability to fund additional conservation activities.

#### POLICY AND LEGISLATIVE IMPACTS

##### Policy changes:

- > Seek update to FNPMP over time through normal processes. Any investment needed is Crown funded.

Table 31. Option 1 infrastructure proposals

Location	Option 1 proposals
Piopiotahi Milford Sound hub	<ul style="list-style-type: none"> <li>&gt; Maintenance of existing underwater observatory</li> <li>&gt; Interpretive materials (S t-shirt)</li> <li>&gt; Planned maintenance of existing tracks and walkways</li> <li>&gt; Continuation of current asset management plans by Milford Sound Tourism Limited (MSTL), including: <ul style="list-style-type: none"> <li>— tourism infrastructure (harbour, wharves, visitor terminal, parking)</li> <li>— utilities maintenance (water, power)</li> </ul> </li> <li>&gt; Five visitor shelters.</li> </ul>
Te Anau Hub	> No infrastructure investment
Along Milford Corridor	
Node 1 – Te Rua-o-Te-Moko FNP Gateway	> FNP gateway (pou whenua)
Node 2 – Eglinton Reveal	> No infrastructure investment
Short stop – Mirror Lakes Waiwhakaata	> No infrastructure investment
Node 3 – Te Huakaue Knobs Flat	> No infrastructure investment
Node 4 – Ō Tāpara Cascade Creek /	> No infrastructure investment

Location	Option 1 proposals
Mistake Creek Overnight Walk	
Node 5 – The Divide / Whakatipu Trails Head	> No infrastructure investment
Node 6 - Gertrude Valley / Monkey Creek	> No infrastructure investment
Node 7 - Cleddau Cirque	> No infrastructure investment
Short stop - The Chasm	> No further infrastructure investment
Milford Road / SH 94	> Milford road alliance access improvements - avalanche management programme, safety improvements (funded by NZTA)

#### CULTURAL NARRATIVE

- > FNP gateway (pou whenua)
- > Interpretive materials

#### DEMOLITION / DECONSTRUCTION

- > None

## Option 2: Focused infrastructure investment – modest IVAC

#### BRIEF DESCRIPTION

This option would provide for a strategic reset to regulatory and operational settings to better disperse visitors and improve the visitor experience and mitigate negative conservation effects.

Some new tools to manage access would be introduced including a statutory charge (IVAC) to provide a new funding and financing stream for upgrades and maintenance.

Upgrades to infrastructure would focus on corridor enhancement.

#### VISITOR EXPERIENCE AND CONSERVATION IMPACT

- > Introduces greater choice of experiences and activities along the corridor and new commercial opportunities.
- > A new Te Anau Gateway to introduce the experience, incentivise more multiple-day visitors and reduce weather dependency.

- > Some ability to spread visitors through more experiences distributed throughout the journey.
- > Increased opportunity to support cultural narrative.
- > Limited ability to fund conservation activities.

#### POLICY AND LEGISLATIVE IMPACTS

##### Legislative changes:

- > Implementation of an IVAC, focused on cost-recovery.
- > Changes or override FNPMP to enable works.
- > Establish SPV to support funding and financing.

##### Policy changes:

- > Delivery through commercial partnership, under renegotiated concessions.
- > Access managed through concession terms and conditions.
- > Gradual shift in concessions management.



Table 32. Option 2 infrastructure proposals

Location	Option 2 proposals
<b>Piopirotahi Milford Sound hub</b>	<ul style="list-style-type: none"> <li>&gt; Interpretive materials (S t-shirt).</li> <li>&gt; No removal of cruise ships.</li> <li>&gt; Bowen Falls pontoon walkway and lower falls lookouts.</li> <li>&gt; Naming conventions - signage updated to acknowledge Ngāi Tahu, Ngāi Tahu Whānui.</li> <li>&gt; Planned maintenance of existing tracks and walkways.</li> <li>&gt; Barren peak spur track development (S t-shirt).</li> <li>&gt; Deepwater basin experience improvements (S t-shirt) – <i>public toilets, separating commercial and recreational users, safe access and egress</i></li> <li>&gt; Continuation of current asset management plans by Milford Sound Tourism Limited (MSTL) including: <ul style="list-style-type: none"> <li>— tourism infrastructure (harbour, wharves, visitor terminal, parking)</li> <li>— utilities maintenance (water, power).</li> </ul> </li> <li>&gt; Five visitor shelters.</li> <li>&gt; Cleddau Flats Service Area remediation works to make the site usable and remove contaminants (<i>not proceeding under Budget so needs to be included in costings</i>)</li> </ul>
<b>Te Anau Hub</b>	<ul style="list-style-type: none"> <li>&gt; FNP gateway (pou whenua at gateway).</li> </ul>
<b>Along Milford Corridor</b>	
<b>Node 1 - Te Rua-o-Te-Moko FNP Gateway</b>	<ul style="list-style-type: none"> <li>&gt; FNP gateway (pou whenua at gateway).</li> </ul>
<b>Node 2 - Eglinton Reveal</b>	<ul style="list-style-type: none"> <li>&gt; Eglinton reveal visitor road layby invisible enhancements.</li> </ul>
<b>Short stop – Mirror Lakes Waiwhakaata</b>	<ul style="list-style-type: none"> <li>&gt; Mirror lakes bus shelter.</li> </ul>
<b>Node 3 - Te Huakaue Knobs Flat</b>	<ul style="list-style-type: none"> <li>&gt; Knobs flat waterfall walk.</li> <li>&gt; Cabins and camp site enhancements at Knobs Flat including parking provision.</li> <li>&gt; Water infrastructure upgrades.</li> <li>&gt; Camping provision (Kiosk, Smithy Upper Eglinton).</li> </ul>
<b>Node 4 – Ō Tāpara Cascade Creek / Mistake Creek Overnight Walk</b>	<ul style="list-style-type: none"> <li>&gt; No improvements.</li> </ul>
<b>Node 5 – The Divide / Whakatipu Trails Head</b>	<ul style="list-style-type: none"> <li>&gt; Resilience work at lower Routeburn Key Summit.</li> </ul>
<b>Node 6 - Gertrude Valley / Mokey Creek</b>	<ul style="list-style-type: none"> <li>&gt; Gertrude valley car park and road layout – safety improvements.</li> </ul>
<b>Node 7 - Cleddau Cique</b>	<ul style="list-style-type: none"> <li>&gt; No infrastructure investment.</li> </ul>
<b>Short stop - The Chasm</b>	<ul style="list-style-type: none"> <li>&gt; Chasm short stop loop track bridging and carpark improvements.</li> </ul>
<b>Milford Road / SH 94</b>	<ul style="list-style-type: none"> <li>&gt; Milford Road Alliance access improvements (funded by NZTA Waka Kotahi).</li> <li>&gt; Prospect of work to manage traffic volume / prioritise bus movements.</li> <li>&gt; Redesign of visitor carparking across each node.</li> </ul>



#### CULTURAL NARRATIVE

- > FNP gateway (pou whenua).
- > Upgrade interpretive materials and key interpretive sites, particularly point of arrival for visitors.

- > Naming conventions - signage updated to acknowledge Ngāi Tahu, Ngāi Tahu Whānui.

#### DEMOLITION / DECONSTRUCTION

- > None.

### Option 3: Enhanced visitor experience – with IVAC

#### BRIEF DESCRIPTION

This option would deliver a step change in how visitors and the conservation estate are managed, with the intent to deliver core elements of the Masterplan vision over the long-term.

Investment in conservation is limited to mitigating negative effects.

#### VISITOR EXPERIENCE AND CONSERVATION IMPACT

- > Visitor experience is modernised, with more diverse experiences offered, however 'wow' experiences such as the sense of arrival in Piopiotahi are unable to be implemented.
- > Travel flows are smoothed and mode shift encouraged through the introduction of carpark booking systems and management of vehicles.
- > Creates new concession opportunities predominantly in the corridor.

- > Significant investment in a strengthened cultural narrative.
- > Some improvement in conservation outcomes at the margins of investment.

#### POLICY AND LEGISLATIVE IMPACTS

##### Legislative changes:

- > Implementation of IVAC, enabling cost-recovery and modest investment in conservation
- > Transition of concessions and clarification of conditions that can be applied.
- > Establishment of new entity to deliver/coordinate works. Likely SPV with funding and financing ability.
- > Override or exclusion from FNPMP process.

##### Policy changes:

- > Establishment of dedicated unit within DOC to support strategy, regulatory oversight, on the ground operations.,
- > Access managed through renegotiated concession arrangements to enable scheduling changes to occur and incentivise trips via bus from Te Anau.

Table 33. Option 3 infrastructure proposals

Location	Option 3 proposals
Piopiotahi Milford Sound hub	<p>All investment for option 2 plus:</p> <ul style="list-style-type: none"><li>&gt; Renovate ferry terminal (s t-shirt)</li><li>&gt; Redesign (and reduce by 40%) visitor carparking including priority parking for buses</li><li>&gt; Upgraded and new interpretive materials and key interpretive sites, particularly point of arrival for visitors</li><li>&gt; Piopiotahi visitor experience center (M t-shirt – small footprint, added resilience but no provision for operator stands)</li><li>&gt; Charging infrastructure (for electric buses – privately delivered)</li><li>&gt; Boardwalk on the foreshore at freshwater basin</li><li>&gt; Accessible walking track around the visitor center</li><li>&gt; Inclusive interpretive approach is undertaken with all new visitor investments</li><li>&gt; Delivery of cultural landscape experiences as per Ngāi Tahu aspirations</li></ul>



Location	Option 3 proposals
	<ul style="list-style-type: none"> <li>&gt; Commercial fishing port</li> <li>&gt; Utilities upgrade</li> <li>&gt; Removal of cruise ships (optional)</li> <li>&gt; Deepwater basin experience improvements and visitor marine experiences (M T-Shirt include Kayak launch areas and deepen the channel)</li> <li>&gt; Improved links to Barren peak (M t-shirt)</li> <li>&gt; Note this option does not include improved power connections and electrification at Piopiotahi (that comes in at Option 4)</li> </ul>
Te Anau Hub	<ul style="list-style-type: none"> <li>&gt; Te Anau visitor hub and interpretive centre</li> <li>&gt; Bus pick up area</li> <li>&gt; Landscaping and realignment of roadways in Te Anau</li> <li>&gt; Land acquisition and car parking</li> <li>&gt; Interpretive materials</li> <li>&gt; Three waters infrastructure</li> </ul>
Along Milford Corridor	
Node 1 - Te Rua-o-Te-Moko FNP Gateway	<ul style="list-style-type: none"> <li>&gt; FNP gateway (pou whenua).</li> </ul>
Node 2 - Eglinton Reveal	<ul style="list-style-type: none"> <li>&gt; Eglinton reveal road layby invisible enhancements.</li> <li>&gt; Option for cultural elements.</li> </ul>
Short stop – Mirror Lakes Waiwhakaata	<ul style="list-style-type: none"> <li>&gt; Mirror lakes visitor shelter and toilet.</li> </ul>
Node 3 - Te Huakaue Knobs Flat	<ul style="list-style-type: none"> <li>&gt; Knobs flat experience hub (interpretive building and walking track).</li> <li>&gt; Knobs flat waterfall walk.</li> <li>&gt; Accommodation provision and enabling water infrastructure upgrades (delivered privately).</li> <li>&gt; Power upgrades (take from Piopiotahi estimate).</li> <li>&gt; Cycleway from Te Anau downs to Knobs flat (Cascade creek extension delivered later subject to affordability).</li> <li>&gt; Increase camping provision (Kiosk, Upper Eglinton and reopen (new) Smithy Creek).</li> <li>&gt; Glamping or Eco Cabin concession.</li> <li>&gt; Night experience opportunity (need for design/mitigation work to minimise light pollution).</li> </ul>
Node 4 – Ō Tāpara Cascade Creek / Mistake Creek Overnight Walk	<ul style="list-style-type: none"> <li>&gt; Ō Tāpara/Cascade creek campground modifications.</li> <li>&gt; Lake Gunn waterfront accessible platforms.</li> </ul>
Node 5 – The Divide / Whakatipu Trails Head	<ul style="list-style-type: none"> <li>&gt; Whakatipu Trails Head visitor shelter, car park, toilets, landscaping and road layout.</li> <li>&gt; Resilience work at lower Routeburn Key Summit.</li> <li>&gt; Hinepīwai Hinepīwai/Lake Marian lower loop.</li> <li>&gt; Shelters and cultural interpretive materials to educate visitors.</li> </ul>
Node 6 - Gertrude Valley / Monkey Creek	<ul style="list-style-type: none"> <li>&gt; Gertrude valley (s t-shirt) car park and road layout – safety improvements.</li> <li>&gt; Monkey Creek roadside bus bay enhancement and track.</li> </ul>
Node 7 - Cleddau Cirque	<ul style="list-style-type: none"> <li>&gt; Cleddau cirque safety management (Milford Road Alliance).</li> </ul>
Short stop - The Chasm	<ul style="list-style-type: none"> <li>&gt; Chasm short stop loop track bridging, carpark and road layout improvements.</li> </ul>
Milford Road / SH 94	<ul style="list-style-type: none"> <li>&gt; Redesign of visitor carparking across each node.</li> </ul>

### CULTURAL NARRATIVE

- > FNP gateway (pou whenua)
- > Upgraded and new interpretive materials and key interpretive sites, particularly point of arrival for visitors
- > Inclusive interpretive approach is undertaken with all new visitor investments
- > Naming conventions - signage updated to acknowledge Ngāi Tahu, Ngāi Tahu Whānui
- > Delivery of cultural landscape experiences as per Ngāi Tahu aspirations

- > Shelters and cultural interpretive materials to educate visitors.

### DEMOLITION / DECONSTRUCTION

- > Remove current staff accommodation and hotel over time
- > Remove structures in central hub to make way for new visitor hub
- > Remove carparking on foreshore and establish landscaping features / plantings in its place
- > Deconstructing visitor centre at Te Anau.

## Option 4: World-class conservation experience – with IVAC

### BRIEF DESCRIPTION

This option would deliver the Masterplan's vision. This approach would undertake immediate interventions to enable regenerative management, significant investment to increase visibility of cultural narrative and Ngāi Tahu footprint and seek to effectively manage the impact of tourism.

This option most closely aligns with the original intent of the Masterplan, although it has some changes that are proposed because of the current feasibility testing particularly informed by seismic risk analysis.

### VISITOR EXPERIENCE AND CONSERVATION IMPACT

- > Level of investment befitting a world class experience across different investment choices.
- > Travel flows are further smoothed with the introduction of additional levers to manage access.
- > Investment is heavily tilted towards encouraging mass transit options compared to self-drive options.
- > New and significant experiences to be included within Piopiotahi and the corridor.
- > Higher IVAC means significant increase in funding available for complementary conservation activities and world class nature experiences.
- > Significant uplift in cultural narrative and Ngāi Tahu footprint throughout.

### POLICY AND LEGISLATIVE IMPACTS

#### Legislative changes:

- > IVAC
- > New planning framework
- > New entity
- > Clarify enhanced approaches to concessions
- > Enable mechanisms to better manage access
- > Potentially enable concessions transition.



Table 34. Option 4 infrastructure proposals

Location	Option 4 proposals
Piopiotahi Milford Sound hub	<p>All investment for option 3 plus:</p> <ul style="list-style-type: none"> <li>&gt; Retain aerodrome and flip the taxiway, helipads and apron to the opposite side (as a mirror image) design for option 4 (flip and install board walk)</li> <li>&gt; Remove THC hotel (<i>demolition and return to original state required by the concessionaire under current terms – assume some provision for demolition</i>)</li> <li>&gt; Hydropower upgrade (allowance for re-locating turbine)</li> <li>&gt; Extension of power cable to Piopiotahi (11kV)</li> </ul> <p>Expanded investment:</p> <ul style="list-style-type: none"> <li>&gt; Further reduction in visitor carparking (60%)</li> <li>&gt; Bus parking at Cleddau Delta (allowance for 6,000 sqm)</li> <li>&gt; Deepwater basin experience improvements (L t-shirt) – formalise boat trailer parking and provision of overflow boat trailer parking at current residential area in Cleddau Delta</li> <li>&gt; Accessible walking track through the Cleddau Delta</li> <li>&gt; Ngāi Tahu, Ngāi Tahu Whānui Tauranga Waka investment</li> <li>&gt; Piopiotahi visitor experience hub (L t-shirt – some modest added provision for operator stands and resilience strengthening)</li> <li>&gt; 4 bus shelters (one at arrival point, one at Cleddau Delta village, one at freshwater basin ferry terminal, one at deepwater basin node)</li> <li>&gt; Road realignment to create a sense of arrival</li> <li>&gt; Cleddau Flats Service Area remediation works and enable essential staff accommodation up to 40pax</li> </ul>
Te Anau Hub	<ul style="list-style-type: none"> <li>&gt; Te Anau visitor hub and interpretive centre</li> <li>&gt; Bus pick up area</li> <li>&gt; Landscaping and realignment of roadways in Te Anau</li> <li>&gt; Land acquisition and car parking</li> <li>&gt; Interpretive materials</li> <li>&gt; Three waters infrastructure</li> </ul>
<b>Along Milford Corridor</b>	
Node 1 - Te Rua-o-Te-Moko FNP Gateway	> FNP gateway (pou whenua)
Node 2 - Eglinton Reveal	> Interpretive materials and layover area
Short stop – Mirror Lakes Waiwhakaat	> Eglinton reveal road layby invisible enhancements
Node 3 - Te Huakua Knobs Flat	> Short walk to the river from 1st layby
Node 4 – Ō Tāpara Cascade Creek / Mitake Creek Overnight Walk	> Increase camping provision (Totara)
Node 5 – The Divide / Whakatipu Trails Head	> Option for cultural elements
Node 6 - Gertrude Valley / Monkey Creek	> Mirror visitor bus shelter and toilet
Node 7 - Cleddau Cirque	> Staff accommodation at lower Knobs flat with some essential staff accommodation at Cleddau Flats Service Area (40 people)



Location	Option 4 proposals
Short stop - The Chasm	> Enabling water infrastructure TBC as part of next phase
Milford Road / SH 94	> Flood protection work

#### CULTURAL NARRATIVE

- > FNP gateway (pou whenua)
- > Upgraded and new interpretive materials and key interpretive sites, particularly point of arrival for visitors
- > Inclusive interpretive approach is undertaken with all new visitor investments
- > Naming conventions - signage updated to acknowledge Ngāi Tahu, Ngāi Tahu Whānui
- > Cultural landscape experiences
- > Ngāi Tahu, Ngāi Tahu Whānui Tauranga Waka investment

- > Shelters and cultural interpretive materials to educate visitors
- > Overnight accommodation on Te Huakaue – Ō Tāpara Easy Tramping Track.

#### DEMOLITION / DECONSTRUCTION

- > Remove current staff accommodation and hotel
- > Remove structures in central hub to make way for new visitor hub
- > Remove car parking on foreshore and establish landscaping features / plantings in its place
- > Aerodrome realignment.

### Option 5: Pristine and reduced use

#### BRIEF DESCRIPTION

This option would provide limited access to Piopiotahi itself with a strong conservation focus.

Further tourism and infrastructure investment would have an emphasis on less exclusive experiences along the corridor, with less infrastructure within Piopiotahi itself.

Removal of the aerodrome and replacement with planting and greenspace.

#### VISITOR EXPERIENCE AND CONSERVATION IMPACT

- > Encourage visitors to spend a greater amount of time in and around the Corridor rather than in Piopiotahi itself.
- > Significant increase in conservation-related activity.
- > Seek to return Piopiotahi to a more 'natural' environment, with limited additional

investment in infrastructure within Piopiotahi itself (costs associated with restoration to natural state included).

- > Would require the cancellation and/or renegotiation of several concession arrangements with fewer new commercial opportunities than under Option 4.
- > Limiting access to Piopiotahi to premium visitors may reduce visitation and revenue from any IVAC, given that Piopiotahi is the main draw to Fiordland National Park.

#### POLICY AND LEGISLATIVE IMPACTS

##### Legislative changes:

- > IVAC
- > New planning framework
- > New entity
- > Clarify enhanced approaches to concessions
- > Powers to close road / manage access for tourism outcomes with permitting system
- > Concessions cancellation and allocation of new arrangements.



Table 35. Option 5 infrastructure proposals

Location	Option 5 proposals
<b>Piopiotahi Milford Sound hub</b>	<ul style="list-style-type: none"> <li>&gt; Renovate ferry terminal</li> <li>&gt; Bowen Falls pontoon walkway and lower falls lookouts</li> <li>&gt; Redesign carparking and reduce private car parks by 80%</li> <li>&gt; Hydropower upgrade (allowance for re-locating turbine)</li> <li>&gt; Extension of power cable to Piopiotahi (11kV)</li> <li>&gt; Milford Lodge to Tutoko bridge walkway</li> <li>&gt; Visitor experience center at Piopiotahi (same as Option 4)</li> <li>&gt; Removal of cruise ships</li> <li>&gt; Removal of runway and remodelling of the foreshore including rewilding</li> <li>&gt; Naming conventions - signage updated to acknowledge Ngāi Tahu, Ngāi Tahu Whānui</li> <li>&gt; Upgraded and new interpretive materials and key interpretive sites, particularly point of arrival for visitors</li> <li>&gt; Inclusive interpretive approach is undertaken with all new visitor investment</li> <li>&gt; Cultural landscape experiences</li> <li>&gt; Ngāi Tahu, Ngāi Tahu Whānui Tauranga Waka investment</li> <li>&gt; Five visitor shelters (refuges)</li> <li>&gt; Utilities upgrade (water, power)</li> <li>&gt; Road realignment to create a sense of arrival</li> <li>&gt; Cleddau Flats Service Area remediation works and enable essential staff accommodation up to 40pax</li> </ul>
<b>Te Anau Hub</b>	<ul style="list-style-type: none"> <li>&gt; Te Anau visitor hub</li> <li>&gt; Transport terminal and buses, hop on/hop-off buses, with parking area</li> <li>&gt; Landscaping and realignment of roadways in Te Anau</li> <li>&gt; Land acquisition and car parking</li> <li>&gt; Interpretive materials</li> <li>&gt; Three waters infrastructure</li> </ul>
<b>Along Milford Corridor</b>	
<b>Node 1 - Te Rua-o-Te-Moko FNP Gateway</b>	<ul style="list-style-type: none"> <li>&gt; FNP gateway</li> <li>&gt; Interpretive materials and layover area</li> </ul>
<b>Node 2 - Eglinton Reveal</b>	<ul style="list-style-type: none"> <li>&gt; No further development</li> </ul>
<b>Short stop – Mirror Lakes Waiwhakaita</b>	<ul style="list-style-type: none"> <li>&gt; Mirror lakes bus shelter and toilet</li> </ul>
<b>Node 3 - Te Huakaue Knob Flat</b>	<ul style="list-style-type: none"> <li>&gt; Staff accommodation at lower Knobs flat with some essential staff accommodation at Cleddau Flats Service Area (40 people) <ul style="list-style-type: none"> <li>– Enabling water infrastructure TBC as part of next phase</li> <li>– Flood protection work</li> </ul> </li> <li>&gt; Knobs flat experience hub (interpretive building and walking track)</li> <li>&gt; Knobs flat waterfall walk</li> <li>&gt; Cabins and camp site development at Knobs flat including parking provision</li> <li>&gt; Water infrastructure upgrades and toilets</li> <li>&gt; Power upgrades (take from Piopiotahi estimate)</li> <li>&gt; Cycleway from Te Anau downs to Cascade Creek</li> <li>&gt; Glamping or Eco Cabin concession</li> <li>&gt; Night experience opportunity (need for design/mitigation work to minimise light pollution)</li> </ul>

Location	Option 5 proposals
<b>Node 4 – Ō Tāpara Cascade Creek / Mistake Creek Overnight Walk</b>	<ul style="list-style-type: none"> <li>&gt; Ō Tāpara/Cascade creek campground modifications</li> <li>&gt; Overnight accommodation on Te Huakaue – Ō Tāpara Easy Tramping Track (Mistake Creek, Countess Range or other location to be determined)</li> </ul>
<b>Node 5 – The Divide / Whakatipu Trails Head</b>	<ul style="list-style-type: none"> <li>&gt; Whakatipu Trails Head visitor shelter, car park, toilets, landscaping and road layout</li> <li>&gt; Resilience work at lower Routeburn Key Summit</li> <li>&gt; Hinepīwai Hinepīwai/Lake Marian lower loop and accessible walkway to Hollyford River Whakatipu Kā Tuka lookout</li> <li>&gt; Shelters and cultural interpretive materials to educate visitors</li> </ul>
<b>Node 6 – Gertrude Valley / Monkey Creek</b>	<ul style="list-style-type: none"> <li>&gt; Gertrude valley car park and road layout – safety improvements.</li> <li>&gt; Monkey Creek roadside bus bay enhancement and track.</li> <li>&gt; Lone Tree walkway.</li> </ul>
<b>Node 7 – Cleddau Cirque</b>	<ul style="list-style-type: none"> <li>&gt; Cleddau cirque safety management (Milford road alliance).</li> </ul>
<b>Short stop - The Chasm</b>	<ul style="list-style-type: none"> <li>&gt; Chasm short stop loop track bridging, carpark and road layout improvements.</li> </ul>
<b>Milford Road / SH 94</b>	<ul style="list-style-type: none"> <li>&gt; New park and ride transport services from Te Anau including purchase of buses.</li> <li>&gt; Options for bus pull-off areas.</li> <li>&gt; Redesign of visitor carparking across each node.</li> </ul>

#### CULTURAL NARRATIVE

- > FNP gateway (pou whenua)
- > Upgraded and new interpretive materials and key interpretive sites, particularly point of arrival for visitors
- > Inclusive interpretive approach is undertaken with all new visitor investments
- > Naming conventions - signage updated to acknowledge Ngāi Tahu, Ngāi Tahu Whānui
- > New interpretive materials
- > Cultural landscape experiences
- > Ngāi Tahu, Ngāi Tahu Whānui Tauranga Waka investment

- > Shelters and cultural interpretive materials to educate visitors
- > Overnight accommodation on Te Huakaue – Ō Tāpara Easy Tramping Track.

#### DEMOLITION / DECONSTRUCTION

- > Remove current staff accommodation and hotel
- > Remove structures in central hub to make way for new visitor hub
- > Remove carparking on foreshore and establish landscaping features / plantings in its place
- > Remove runway.



## Appendix 3.3: Evaluation of each option

This appendix outlines the detailed evaluation of each of the 5 shortlisted options.

### Option 1 (enhanced status quo): Incremental improvements on the status quo

#### OPTION 1 DESCRIPTION

Under this option, there will be limited funding, institutional or regulatory changes. The focus of this option is to make use of existing mechanisms to coordinate and improve combined efforts at Piopiotahi Milford Sound to maintain visitor volumes at current levels in a safe and efficient way while minimising possible harm to conservation values.

#### OPTION 1 SPATIAL PLAN, LAYOUT AND ANCHOR INFRASTRUCTURE PROJECTS

No changes are proposed to the spatial plan and layout under this option.

Anchor infrastructure will be operator-led (e.g. planned upgrades to the ferry terminal or accommodation) or delivered through local government such as planned town centre improvements under the Te Anau Basin Development Plan.

#### OPTION 1 SUMMARY EVALUATION

This option is not recommended on the basis that it:

- > Does not meet the investment objectives.
- > Will see a continuation of the current degradation of the natural environment.
- > Carries a high risk of further deterioration of the experience that requires significant future investment to reverse.
- > Will have negative impacts for a wide range of groups and individuals.

Figure 10. Piopiotahi Milford Sound Spatial Plan 1





## DETAILED EVALUATION

The option scores poorly across all investment objectives. Positive change through this option is heavily dependent on operator-led investment

and innovation but this will continue to be hampered by the authorising environment, with conservation pressures continuing to grow as visitation increases.

Table 36: Assessment of option 1 against the investment objectives

Investment objectives	Assessment rating	Assessment description
The role of Ngāi Tahu as mana whenua and Treaty partner is acknowledged, and Te ao Māori values are embedded throughout	○	<ul style="list-style-type: none"> <li>&gt; Continuation of current state and lack of opportunities to exercise tino rangatiratanga and kaitiakitanga.</li> <li>&gt; Limited opportunities for economic benefit.</li> </ul>
Results in significantly improved governance and management of the area.	○	<ul style="list-style-type: none"> <li>&gt; Current governance and management challenges continue unresolved.</li> <li>&gt; Changes to National Park Management Plan likely to take time to develop and introduce.</li> </ul>
Is supported by a self-funding, sustainable commercial model as much as possible	○	<ul style="list-style-type: none"> <li>&gt; Funding will need to be provided by the Crown through DOC.</li> <li>&gt; Under current fiscal environment, any additional funding is likely to be limited in the short term.</li> </ul>
The visitor experience is world-class, enhances conservation and community	◐	<ul style="list-style-type: none"> <li>&gt; Visitor experience improvements will be operator-led but limited by current institutional arrangements.</li> <li>&gt; No further funding available for conservation.</li> </ul>
Delivers infrastructure that is effective, efficient, resilient and environmentally sustainable	○	<ul style="list-style-type: none"> <li>&gt; Some infrastructure improvements planned under the status quo. Risks around AF8 unlikely to be appropriately mitigated.</li> </ul>
The benefit of hosting visitors and enabling private enterprise is extended to the communities of Southland and Otago	◐	<ul style="list-style-type: none"> <li>&gt; Tourism will continue to grow under the status quo, delivering short term benefits.</li> <li>&gt; Represents a missed opportunity to develop new commercial opportunities.</li> <li>&gt; Likely that this growth would come at the expense of conservation values.</li> </ul>

This option will be the easiest to achieve given it represents the status quo and current trajectory. While it is affordable, it brings the prospect of significant downstream costs to reverse any

future degradation of the place and visitor experience and therefore represents low value for money.

Table 37: Assessment of option 1 against the critical success factors

Critical success factors	Assessment rating	Assessment description
Strategic fit and business needs	○	<ul style="list-style-type: none"> <li>&gt; Does not meet or align with any of the investment objectives.</li> <li>&gt; Not consistent with national or regional strategic direction for tourism and conservation.</li> </ul>
Value for money	◐	<ul style="list-style-type: none"> <li>&gt; The lowest cost option but with the prospect of significant disbenefits.</li> </ul>



Critical success factors	Assessment rating	Assessment description
		> The option presents significant risks with the prospect of significant downstream costs to manage the adverse future impacts.
Achievability	●	> Most achievable option as it presents the current trajectory.
Affordability	◐	> Most affordable option due to low costs. > Affordability of future upgrades will be challenging due to fiscal constraints. > Places Piopiotahi on a funding path that is heavily Crown-dependent.
Capacity and capability	●	> Unlikely to be a challenge to find required capacity and capability.

### OPTION 1 IMPACTS

This option has largely negative impacts across mana whenua, invested parties and individuals. The current growth trajectory will bring some

economic benefits for Te Anau and the wider Otago and Southland regions but there is a risk of damage to the New Zealand tourism brand by allowing an iconic destination to continue to deteriorate under tourism pressures.

### OPTION 1 SUMMARY OF ECONOMIC IMPACTS

Total costs	Total NPV (50 years)	Additional GDP from investment in infrastructure	Additional GDP from investment in conservation	Additional jobs created from investment in infrastructure	Additional jobs created from investment in conservation
N/A	N/A	N/A	N/A	N/A	N/A

### OPTION 1 TOURISM IMPACTS

Year	Total guest nights (Fiordland RTO)	Total visitor spend (Fiordland RTO)	Peak day visitors	Car mode share
2030	1,361,986	\$169,288,986	6,278	43.0%
2040	1,523,196	\$250,463,306	7,024	42.5%
2050	1,536,910	\$264,162,677	7,024	42.4%
2060	1,546,850	\$285,930,060	7,024	42.3%
2070	1,554,126	\$279,614,643	7,024	42.2%
2080	1,560,829	\$274,314,712	7,024	42.2%

Source: Infometrics



Table 38: Anticipated impacts of option 1 on mana whenua, invested groups and individuals

Profile	Possible impact	Scale of impact	Description of impact
Mana whenua	●	Significant impact that will be felt across Ngāi Tahu whanui	<ul style="list-style-type: none"> <li>&gt; Sense of disconnection and displacement from a place of rich heritage continues.</li> <li>&gt; Disempowerment and frustration at being denied opportunities to exercise rangatiratanga.</li> <li>&gt; Continued barriers to participating in economic activities as a result of the existing authorising environment.</li> </ul>
Large tourism operators	●	Moderate to high level of impact over time	<ul style="list-style-type: none"> <li>&gt; Congestion continues and starts to impact on a greater number of days and for longer periods during the peak season.</li> <li>&gt; Limited opportunities to invest in improving the visitor experience.</li> <li>&gt; Slow deterioration of the experience starts to slow down growth in visitor volumes.</li> </ul>
Small and medium business owners	●	Limited impact	<ul style="list-style-type: none"> <li>&gt; Fewer commercial opportunities for smaller and/or new enterprises.</li> <li>&gt; Lack of level playing field for operators to compete for concessions</li> <li>&gt; Growth in tourism likely to reach operational limit sooner without investment, which will limit broader economic opportunities in the local and regional areas.</li> </ul>
International visitors	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Limited impact on the visitor experience in the short term (next 5 years).</li> <li>&gt; As time passes growing congestion is likely to impact on amenity and the natural environment.</li> <li>&gt; Greater exposure to safety risks as well as risk of declining community hospitality</li> </ul>
Domestic visitors	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Impact in the short term likely to be limited.</li> <li>&gt; Over time, frustration over the state of the national park is likely to increase.</li> <li>&gt; Likely loss of pride in a national icon and New Zealand's ability to preserve its natural wonders.</li> </ul>
Recreational users (hunting and fishing, hiking, cycling)	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Impact in the short term likely to be limited.</li> <li>&gt; Enjoyment of the natural environment likely to deteriorate over time.</li> <li>&gt; Greater congestion on the road likely to have an impact on access and safety</li> </ul>
Conservation groups	●	High impact	<ul style="list-style-type: none"> <li>&gt; Lack of change will be a source of significant concern and spillover into concern over other natural attractions.</li> <li>&gt; May motivate greater private action on smaller scale initiatives.</li> </ul>
Central and local Government	●	High impact	<ul style="list-style-type: none"> <li>&gt; Continued difficulties in managing pressures on the tourism and conservation system</li> <li>&gt; Would require difficult choices and trade-offs</li> <li>&gt; Unclear how change would happen under existing settings</li> </ul>
Local communities and residents	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Frustration at lack of change</li> <li>&gt; Increasing tourism pressures would have an increasing impact on quality of life over time</li> </ul>





Image: Henry Xu via uinsplash

## Option 2: Focused infrastructure investment—modest charge

### OPTION 2 DESCRIPTION

This option would provide for targeted improvements to regulatory and operational settings to better disperse visitors, improve the visit experience and mitigate negative conservation effects.

Access would be managed through operator activities where possible.

A statutory charge would be introduced to provide a new funding and financing stream for upgrades and maintenance, but this would be set at a relatively modest rate to match the level of investment into the place.

### OPTION 2 SPATIAL PLAN, LAYOUT AND ANCHOR INFRASTRUCTURE PROJECTS

No changes are proposed to the spatial plan and layout under this option.

Upgrades to infrastructure will include some improvements in Piopiotahi and corridor enhancements, including:

- > Interpretive materials and updated signage to acknowledge Ngāi Tahu heritage and naming conventions
- > Modest increase in camping provision at Kiosk Creek, Upper Eglinton and Smithy Creek (capacity for 102 additional overnight visitors).
- > Separation of commercial and recreation activity at Deepwater Basin
- > Development of Barren Peak Spur
- > Pou Whenua at the national park entrance.



Figure 11. Piopiotahi Milford Sound Spatial Plan Option 2





## OPTION 2 SUMMARY EVALUATION

This option includes highly targeted investment in infrastructure and marginal improvements to visitor management that could be achieved under current statutory arrangements. It is relatively low cost but is unlikely to deliver the improvement required.







This option is not recommended on the basis that it:

- > Does not materially improve outcomes as measured by the investment objectives
- > Addresses some short-term challenges but retains significant risks over the medium to long-term associated with the visitor experience
- > Is reliant on changes being achievable under current statutory arrangements which provide limited oversight and accountability levers.

## OPTION 2 DETAILED EVALUATION

This option scores poorly across most investment objectives. Improvements to the visitor experience and environment under this option are dependent on collective action under existing management and statutory arrangements. Without any changes to the authorising environment and/or introduction of stronger oversight and accountability levers for managing the area, it is challenging to see how collective action might be incentivised.

Table 39: Assessment of option 2 against the investment objectives

Investment objectives	Assessment rating	Assessment description
The role of Ngāi Tahu as mana whenua and Treaty partner is acknowledged, and Te ao Māori values are embedded throughout		<ul style="list-style-type: none"> <li>&gt; Some investment in physical infrastructure to recognise Ngāi Tahu heritage.</li> <li>&gt; Continued barriers to participating in economic activities as a result of the existing authorising environment.</li> </ul>
Results in significantly improved governance and management of the area.		<ul style="list-style-type: none"> <li>&gt; Some improvement over the status quo through good faith negotiations of concessions to achieve shared outcomes.</li> <li>&gt; Limited oversight and accountability mechanisms.</li> </ul>
Is supported by a self-funding, sustainable commercial models as much as possible		<ul style="list-style-type: none"> <li>&gt; Introduction of a charge represents a positive step towards self-funding of the area.</li> <li>&gt; Funding unlikely to be large enough to meet costs of conservation activities.</li> </ul>
The visitor experience is world-class, enhances conservation and community		<ul style="list-style-type: none"> <li>&gt; Some improvements as a result of targeted investment.</li> <li>&gt; Focus is on limiting adverse effects as opposed to aligning with a world class experience.</li> <li>&gt; Limited funding available for conservation activities.</li> </ul>
Delivers infrastructure that is effective, efficient, resilient and environmentally sustainable		<ul style="list-style-type: none"> <li>&gt; Focus of infrastructure investment is on high value, low cost improvements.</li> <li>&gt; Some mitigation of known natural hazard risks in Piopiotahi.</li> </ul>
The benefit of hosting visitors and enabling private enterprise is extended to the		<ul style="list-style-type: none"> <li>&gt; Growth in tourism expected to continue but likely to be at the expense of conservation values.</li> <li>&gt; Some new commercial opportunities delivered.</li> </ul>








Investment objectives	Assessment rating	Assessment description
communities of Southland and Otago		

This option is broadly achievable and affordable given it represents a lower scale of ambition and costs to deliver. As with option 1, it retains the prospect of significant downstream costs to reverse any future degradation of the place and

visitor experience and therefore represents low value for money.

Table 40: Assessment of option 2 against the critical success factors

Critical success factors	Assessment rating	Assessment description
Strategic fit and business needs		<ul style="list-style-type: none"> <li>&gt; Provides marginal improvements against some of the investment objectives.</li> <li>&gt; Somewhat consistent with national/regional strategic direction for tourism and conservation.</li> </ul>
Value for money		<ul style="list-style-type: none"> <li>&gt; Focus on low cost, high value improvements.</li> <li>&gt; Option still carries risks of significant downstream costs to manage future adverse impacts.</li> </ul>
Achievability		<ul style="list-style-type: none"> <li>&gt; Option broadly achievable but some challenges around what can be done under the existing concessions framework.</li> </ul>
Affordability		<ul style="list-style-type: none"> <li>&gt; Relatively low cost option.</li> <li>&gt; Affordability of future upgrades will be challenging under a modest charge setting.</li> </ul>
Capacity and capability		Unlikely to be a challenge to find required capacity and capability.

#### OPTION 2 IMPACTS

This option has largely negative impacts across māta whenua, invested parties and individuals. As with option 1, there are some economic

benefits expected for Te Anau and the wider Otago and Southland regions but there is a risk of damage to the New Zealand tourism brand by allowing an iconic destination to continue to deteriorate under tourism pressures.

#### OPTION 2 SUMMARY OF ECONOMIC IMPACTS

Total costs	Total NPV (50 years)	Additional GDP from investment in infrastructure	Additional GDP from investment in conservation	Additional jobs created from investment in infrastructure	Additional jobs created from investment in conservation
\$327m	\$415m	\$6.1m annually over 12 year construction period	\$24m annually	47 FTEs annually over 12 year construction period	193 FTEs annually

Source: Milford Opportunities Project Visitation and Financial Modelling, Economic Impact Analysis



## OPTION 2 TOURISM IMPACTS

Year	Total guest nights (Fiordland RTO)	Total visitor spend (Fiordland RTO)	Peak day visitors	Car mode share
2030	1,241,717	\$249,756,939	5,763	42.3%
2040	1,500,161	\$293,746,997	6,762	42.5%
2050	1,515,256	\$286,757,842	6,762	42.4%
2060	1,526,100	\$280,882,824	6,762	42.3%
2070	1,534,100	\$276,069,388	6,762	42.3%
2080	1,541,524	\$271,356,016	6,762	42.2%

Source: Infometrics

Table 41: Anticipated impacts of option 2 on mana whenua, invested groups and individual

Profile	Possible impact	Scale of impact	Description of impact
Mana whenua	●	Significant impact that will be felt across Ngāi Tahu whānui	<ul style="list-style-type: none"> <li>&gt; Sense of disconnection and displacement from a place of rich cultural heritage continues.</li> <li>&gt; Frustration at being denied opportunities to exercise rangatiratanga.</li> <li>&gt; Continued barriers to participating in economic opportunities as a result of the existing authorising environment.</li> <li>&gt; Changes to signage and naming conventions without further change likely to be viewed as insufficient and/or token.</li> </ul>
Large tourism operators	●	Moderate to high level of impact over time	<ul style="list-style-type: none"> <li>&gt; Some improvement expected in the spread of visitors.</li> <li>&gt; Likely to incur higher costs as a result of negotiations with DOC on new conditions to support the strategic vision.</li> <li>&gt; Lost opportunity to contribute to a truly world-class experience.</li> </ul>
Small and medium business owners	●	Limited impact	<ul style="list-style-type: none"> <li>&gt; Fewer commercial opportunities for smaller and/or new enterprises.</li> <li>&gt; Some growth in tourism expected with modest economic opportunities in the local and regional areas.</li> </ul>
International visitors	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Modest improvements in visitor experience in the short term.</li> <li>&gt; Any improvement likely to be short lived as visitor numbers grow over time.</li> <li>&gt; Imposition of charge may carry higher expectation around the visitor experience, tourist amenities and funding for conservation</li> </ul>
Domestic visitors	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Impact in the immediate term likely to be limited</li> <li>&gt; May have higher expectation of conservation outcomes with the introduction of the charge</li> </ul>
Recreational users (hunting and fishing, hiking, cycling)	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Some short-term improvement could be expected with improvements to disperse visitors and reduce congestion</li> <li>&gt; Enjoyment of the natural environment likely to deteriorate over time</li> </ul>
Conservation groups	●	High impact	<ul style="list-style-type: none"> <li>&gt; Lack of change will be a source of significant concern and spillover into concern over other natural attractions</li> <li>&gt; May motivate greater private action on smaller scale initiatives</li> <li>&gt; May have higher expectation of conservation outcomes with the introduction of the charge</li> </ul>



Profile	Possible impact	Scale of impact	Description of impact
Central and local Government	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Some short-term improvement but unlikely to alleviate longer-term challenges</li> <li>&gt; Would require difficult choices and trade-offs</li> <li>&gt; Unclear how change would happen under existing settings</li> </ul>
Local communities and residents	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Overall frustration at lack of change</li> <li>&gt; Some short-term benefits may be noticeable but likely to face increasing pressures over time</li> </ul>



Image: Ivan Sanford via uinsplash





Image: Colin Watts via unsplash

## Option 3: Enhanced visitor experience – with charge

### OPTION 3 DESCRIPTION

This option would deliver a step change in how visitors and the conservation estate are managed, with the intent to deliver core elements of the Masterplan vision over the long-term.

Access would be managed through a combination of operator activities and investment in visitor experiences along the corridor to spread the flow of visitors during the day.

Concessions would be managed differently, including through setting higher standards and expectations for operators and the use of proactive approaches to statutory planning for and allocating of concessions. This will be complemented with more deliberate monitoring, oversight and performance management of commercial activities against agreed expectations.

A charge would be introduced at a higher rate than option 2.

### OPTION 3 SPATIAL PLAN, LAYOUT AND ANCHOR INFRASTRUCTURE PROJECTS

Upgrades to infrastructure will include those outlined in option 2 as well as:

- > New visitor experience centres in Piopiotahi and Te Anau
- > Retention of staff and visitor accommodation at the Cleddau village
- > Greater camping provision along the corridor at Kiosk Creek and Totara (88 more visitors) and significant development of Knobs flat to provide visitor accommodation (117 more visitors)
- > Cycleway from FNP threshold to Knobs Flat
- > Shelters and cultural interpretive materials to educate visitors)
- > New short and accessible tracks (Knobs flat, Waterfall walk, Hinepipiwai Hinepipiwai/Lake Marian lower loop, Monkey Creek)Te Anau visitor hub and interpretive centre



Figure 12. Piopiotahi Milford Sound Spatial Plan Option 3





### OPTION 3 SUMMARY EVALUATION

This option is not recommended on the basis that it:

- > Delivers improvements in some areas (e.g. access, slowing down visitors along the corridor) but marginal gains in others (e.g. concessions, reduction of infrastructure footprint in Piopiotahi)
- > Delivers a low return when considering the level of cost and disruption required to implement the option
- > Impacts are mixed for those with an interest in or connection to Piopiotahi, with mana whenua, operators and visitors needs still unlikely to be fully met

While not recommended, this option could be a next best alternative to the preferred option for several reasons:

- > It represents a 'go-slow' version of the preferred option and could act as a first step towards delivery of the masterplan
- > It enables early investment into the place and management initiatives that can progress in parallel to legislative changes
- > Pace of investment and change could be sped up or slowed down as time passes to match the intent and ambition of the government

### OPTION 3 DETAILED EVALUATION

This option provides a stronger basis for delivering the investment objectives than under the previous two. Achieving positive change is still dependent on the motivations and goodwill of partners and parties involved in delivering commercial activities at Piopiotahi as there are no changes proposed to the overall concessions framework. A focus on the corridor and key elements of Piopiotahi provide an opportunity to enhance the visitor experience.

Table 42: Assessment of option 3 against the investment objectives

Investment objectives	Assessment rating	Assessment description
The role of Ngāi Tahu as mana whenua and Treaty partner is acknowledged, and Te ao Māori values are embedded throughout	1	<ul style="list-style-type: none"> <li>&gt; Some improvements potentially possible under this option but dependent on goodwill of partners to follow shared vision and protocols.</li> <li>&gt; Opportunities to be involved in decision-making likely to continue to be limited.</li> </ul>
Results in significantly improved governance and management of the area.	1	<ul style="list-style-type: none"> <li>&gt; As above, improvements will be dependent on how effective non-statutory instruments can be given effect.</li> </ul>
Is supported by a self-funding, sustainable commercial model as much as possible	2	<ul style="list-style-type: none"> <li>&gt; Model is fully self-funding.</li> <li>&gt; Strong alignment to funding principles.</li> <li>&gt; Limited funds available for conservation and the environment on annual basis</li> </ul>
The visitor experience is world class, enhances conservation and community	1	<ul style="list-style-type: none"> <li>&gt; Focus on corridor experiences responds to visitor preferences for alternative ways of experiencing Piopiotahi.</li> <li>&gt; Limited changes in Piopiotahi represents a missed opportunity.</li> </ul>
Delivers infrastructure that is effective, efficient, resilient and environmentally sustainable	1	<ul style="list-style-type: none"> <li>&gt; Strong focus on improving infrastructure in corridor, Te Anau and key parts of Piopiotahi.</li> <li>&gt; Retention of staff accommodation in Piopiotahi does not mitigate significant natural hazard risk</li> <li>&gt; Some mitigation of known natural hazard risks in Piopiotahi and provision of accommodation in corridor to reduce number of visitors exposed to risks overnight</li> </ul>



Investment objectives	Assessment rating	Assessment description
The benefit of hosting visitors and enabling private enterprise is extended to the communities of Southland and Otago	●	<ul style="list-style-type: none"> <li>&gt; Growth in tourism expected to continue but likely to be at the expense of conservation values.</li> <li>&gt; New commercial opportunities delivered and enabled by investment through the corridor.</li> </ul>

This option scores well against the critical success factors, being relatively strongly aligned to the investment objectives, achievable and affordable on the basis it has a long lead time and is backed by a reasonably priced charge.

The main challenge with this option is it is disproportionately lower return when compared to option 4 which has a higher cost associated with it but delivers greater benefits as a result of its combination of policy settings.

Table 43: Assessment of option 3 against the critical success factors

Critical success factors	Assessment rating	Assessment description
Strategic fit and business needs	●	<ul style="list-style-type: none"> <li>&gt; Aligns with all investment objectives but to varying degrees.</li> <li>&gt; More consistent with national and regional tourism direction.</li> </ul>
Value for money	●	<ul style="list-style-type: none"> <li>&gt; Lower value for money given marginally higher investment in option 4 provides disproportionately greater benefits.</li> <li>&gt; Value gained for the cost required is relatively low.</li> </ul>
Achievability	●	<ul style="list-style-type: none"> <li>&gt; Greater scale of ambition but delivered over a longer time frame which will enable delivery to be phased based on what is achievable.</li> </ul>
Affordability	●	<ul style="list-style-type: none"> <li>&gt; Relatively more expensive than previous two options but with ability to meet costs through dedicated funding stream and ability to leverage debt</li> </ul>
Capacity and capability	●	<ul style="list-style-type: none"> <li>&gt; Likely to provide sufficient lead in time for local market to build its capacity and capability.</li> <li>&gt; Ability of operators, regulators and national bodies to develop non-statutory decision-making instruments may be challenged.</li> </ul>

### OPTION 3 IMPACTS

This option has mixed impacts with some positive change for mana whenua, operators

and visitors. Economic benefits are expected to be higher under this option relative to the previous two.

### OPTION 3 SUMMARY OF ECONOMIC IMPACTS

Total costs	Total NPV (50 years)	Additional GDP from investment in infrastructure	Additional GDP from investment in conservation	Additional jobs created from investment in infrastructure	Additional jobs created from investment in conservation
\$3,817m	\$252m	\$26.2m annually over 12 year construction period	\$23.3m annually	202 FTEs annually over 12 year construction period	187 FTEs annually

Source: Milford Opportunities Project Visitation and Financial Modelling, Economic Impact Analysis





Image: Evan Clark via Unsplash

### OPTION 3 TOURISM IMPACTS

Year	Total guest nights (Fiordland RTO)	Total visitor spend (Fiordland RTO)	Peak day visitors	Car mode share
2030	1,349,97	\$249,670,783	5,759	33.0%
2040	1,58,748	\$300,738,825	6,946	22.9%
2050	2,033,961	\$343,520,807	7,344	22.9%
2060	2,285,468	\$381,162,613	7,597	22.9%
2070	2,503,990	\$413,096,721	7,803	22.9%
2080	2,737,648	\$446,537,387	8,013	22.9%

Source: Infometric

Table 4 : Anticipated impacts of option 3 on mana whenua, invested groups and individuals

Profile	Possible impact	Scale of impact	Description of impact
Mana whenua	●	Significant impact that will be felt across Ngāi Tahu whānui, particularly those members who live and work in and around Piopiotahi Milford Sound	<ul style="list-style-type: none"> <li>&gt; Greater opportunities presented to have a more visible footprint in the area.</li> <li>&gt; Likely to welcome opportunity to be involved in non-statutory processes informing decisions but will expect more over time.</li> <li>&gt; New economic opportunities available to participate (noting no right of veto exists).</li> </ul>



Profile	Possible impact	Scale of impact	Description of impact
Large tourism operators	●	High impact	<ul style="list-style-type: none"> <li>&gt; Short term disruptions resulting from construction/implementation of infrastructure and layout changes.</li> <li>&gt; Short term change/costs as new management arrangements put in place and concessions renegotiated.</li> <li>&gt; Longer-term improvements likely as a result of shared vision and outcomes.</li> <li>&gt; Existing frustrations around concessions regime likely to be partially mitigated but not fully.</li> </ul>
Small and medium business owners	●	Moderate impact	<ul style="list-style-type: none"> <li>&gt; Increase in commercial opportunities for smaller and/or new enterprises.</li> <li>&gt; Growth in tourism will bring economic opportunities in the local and regional areas.</li> </ul>
International visitors	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Modest improvement in visitor experience in the short term.</li> <li>&gt; Visitor experience likely to be more significantly enhanced over time as improvements are put in place and charge revenue enables further investment.</li> <li>&gt; Introduction of charge likely to raise expectations around funding for conservation.</li> <li>&gt; Growing expectations around cultural experiences unlikely to be fully met under this option.</li> </ul>
Domestic visitors	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Modest improvement in visitor experience in the short term.</li> <li>&gt; Visitor experience likely to be more significantly enhanced over time as improvements are put in place and charge revenue enables further investment.</li> <li>&gt; Some frustration likely due to reduced parking but mitigated through better transport choices.</li> </ul>
Recreational users (hunting and fishing, hiking, cycling)	●	Moderate impact over time	<ul style="list-style-type: none"> <li>&gt; More sustained improvement with changes to disperse visitors and reduce congestion.</li> <li>&gt; Introduction of new walking and cycling trails presents new opportunities to experience the place.</li> <li>&gt; Improvements to natural environment from better visitor management and proceeds from the charge used to enhance conservation.</li> </ul>
Conservation groups	●	High impact	<ul style="list-style-type: none"> <li>&gt; Likely to be encouraged by greater conservation focus but with expectation this will increase over time.</li> <li>&gt; May be frustrated by slow rate of progress.</li> <li>&gt; Availability of charge may enable initiatives to proceed that otherwise might not have.</li> <li>&gt; May question prioritisation of IVAC funding</li> </ul>
Central and local Government	●	High impact	<ul style="list-style-type: none"> <li>&gt; Use of non-statutory processes will require agencies to have the appetite and resourcing to make changes.</li> <li>&gt; Likely to still face competing priorities under current fiscal environment.</li> <li>&gt; Introduction of charge will present some funding relief for conservation activities.</li> </ul>
Local communities and residents	●	Moderate impact	<ul style="list-style-type: none"> <li>&gt; Likely to experience some improvement in congestion and crowding effects.</li> <li>&gt; New opportunities to enjoy and experience Piopiotahi Milford Sound.</li> <li>&gt; Unlikely to support slower rate of progress.</li> </ul>

## Option 4: World class conservation experience – with charge

### OPTION 4 DESCRIPTION

This option would deliver the Masterplan's vision. This approach would undertake immediate interventions to enable regenerative management, significant investment to increase the visibility of a cultural narrative and Ngāi Tahu footprint, make investments to better respond to and mitigate the seismic risks, and seek to effectively manage the impact of tourism.

Access would be managed through a combination of operator activities and investment in visitor experiences along the corridor to spread the flow of visitors during the day. Parking will be substantively reduced with visitors required to book spaces ahead of time.

Concessions would be managed differently, including through setting higher standards and expectations for operators and the use of proactive approaches to statutory planning and allocating of concessions. This will be complemented with more deliberate monitoring, oversight and performance management of commercial activities against agreed expectations.

A higher charge would be introduced for all international visitors compared to option 3.

### OPTION 4 SPATIAL PLAN, LAYOUT AND ANCHOR INFRASTRUCTURE PROJECTS

Upgrades to infrastructure will include those outlined in option 2 and 3 as well as:

- > Further reduction of visitor parking (60% compared to 40% in option 3)

- > Substantive increase in camping provision at Kiosk Creek, Upper Eglington, Totara and Smithy Creek (capacity for 437 additional overnight visitors).
- > A new accommodation site at Knobs flat with a range of visitor accommodation types and staff accommodation (capacity for 251 additional overnight visitors)
- > Shelters and cultural interpretive material to educate visitors
- > New short and accessible tracks: Knobs flat, Waterfall walk, Hinepipiwa Hinepipiwai/Lake Marian lower loop, accessible walkway to Hollyford River Whakatipu Kā Tuka lookout, Monkey Creek, Lone Tree).
- > Whakatipu Trail: Head visitor shelter, car parks and toilets.

With the infrastructure proposals, the layout will be adjusted to:

- > Reorient the aerodrome to shift the taxiway, structures and aircraft parking to the south of the runway
- > Create a more compelling sense of arrival with unobstructed views of the vista as visitors enter the delta
- > Connect the walk along the Freshwater basin foreshore with the Cleddau Delta walk
- > s9(2)(b)(ii) [REDACTED]
- > Create multiple viewing points along the foreshores of freshwater basin, Cleddau Delta and the Marina

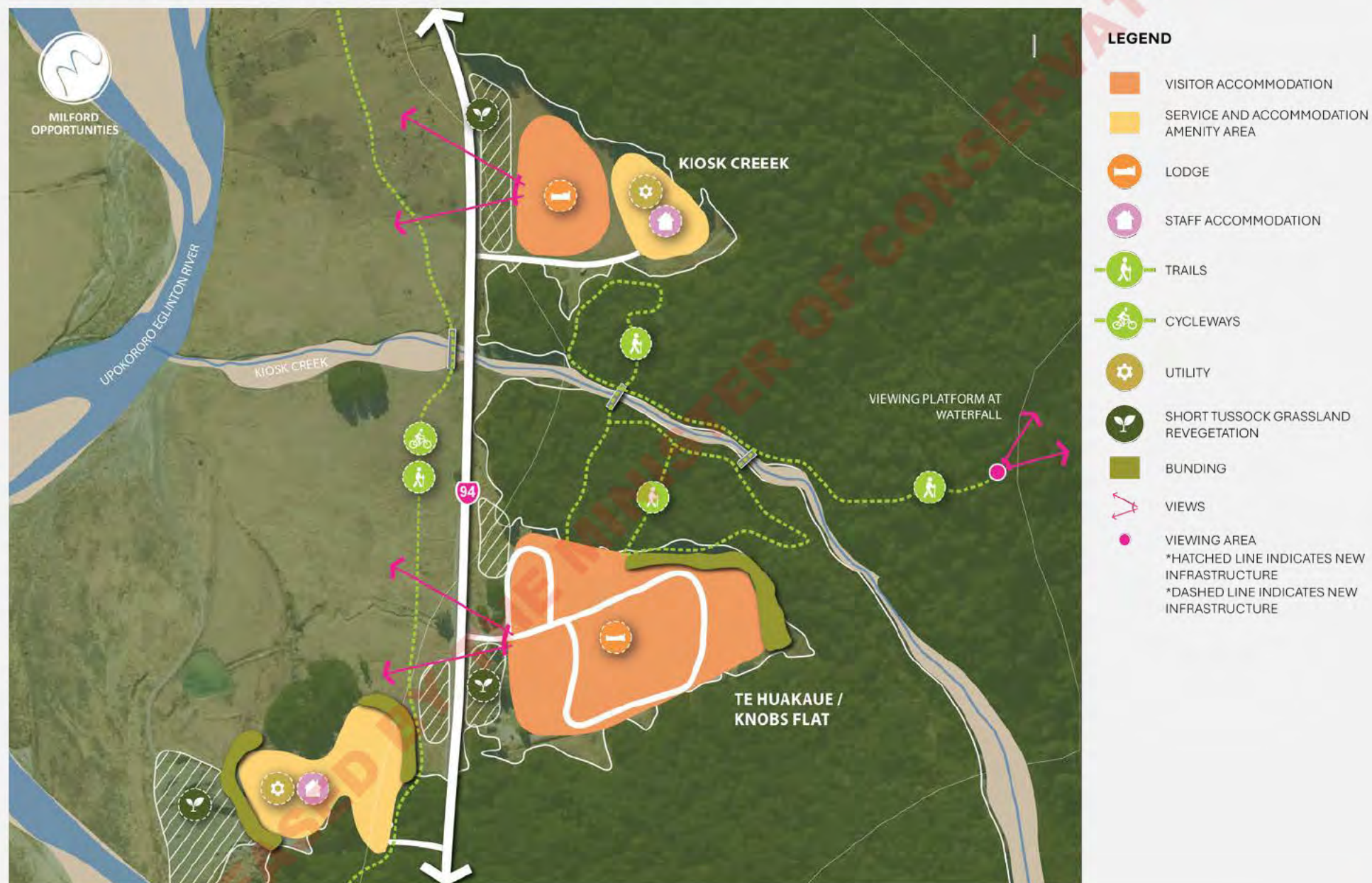


Figure 13. Piopiotahi Milford Sound Spatial Plan Option 4





Figure 14. Te Huakaue Knobs Flat and Kiosk Creek Spatial Plan





#### OPTION 4 SUMMARY EVALUATION

This option is recommended as the preferred option on the basis that it:

- > Strongly aligns with all the investment objectives.
- > Enables a more strategic and co-ordinated approach to management of tourism and conservation pressures
- > Shift to a self-funding model limits the fiscal impact for the Crown and enables the place to be managed on a more sustainable basis
- > Provides a step change in the visitor experience, through creation of immersive cultural experiences and reduction in the physical infrastructure footprint in Piopiotahi aligned with the desire of visitors for

infrastructure that is sympathetic to the environment

- > Gives effect to Ngāi Tahu rights, interests and aspirations more genuinely and deliberately
- > Presents new commercial opportunities and enables strong regional growth
- > Provides a model approach that may have wider application in other parts of the conservation system.

#### OPTION 4 DETAILED EVALUATION

This option performs strongly against the investment objectives. The combination of interventions proposed provide an integrated response to the interlinked challenges presenting in the area

Table 45: Assessment of option 4 against the investment objectives

Investment objectives	Assessment rating	Assessment description
The role of Ngāi Tahu as mana whenua and Treaty partner is acknowledged, and Te ao Māori values are embedded throughout	●	<ul style="list-style-type: none"> <li>&gt; This option provides for an opportunity for a reset in Piopiotahi and removal of barriers that currently exist for Ngāi Tahu to exercise rangatiratanga.</li> <li>&gt; A rich set of economic opportunities to participate in.</li> <li>&gt; Greater opportunity for genuine involvement in decision making that will impact on Ngāi Tahu whānui.</li> <li>&gt; Māori culture and heritage is weaved into the visitor experience in a systematic and holistic way.</li> </ul>
Results in significantly improved governance and management of the area.	●	<ul style="list-style-type: none"> <li>&gt; Opportunity to reshape governance and management to enable more co-ordinated decision-making.</li> <li>&gt; Dedicated Piopiotahi Investment and Delivery Entity can provide for more strategic and efficient planning and execution.</li> <li>&gt; Likely to carry some risk/uncertainty as a relatively new and bespoke approach to national park management.</li> </ul>
Is supported by a self funding, sustainable commercial model as much as possible	●	<ul style="list-style-type: none"> <li>&gt; Model is fully self-funding.</li> <li>&gt; Full alignment to funding principles.</li> </ul>
The visitor experience is world-class enhances conservation and community	●	<ul style="list-style-type: none"> <li>&gt; Delivers against a range of expectations and preferences of visitors as identified through market research (cultural experiences, restoring sense of untouched wilderness, 'giving back').</li> <li>&gt; Availability of new revenue stream to support conservation and environment outcomes.</li> </ul>
Delivers infrastructure that is effective, efficient, resilient and environmentally sustainable	●	<ul style="list-style-type: none"> <li>&gt; Significant upgrades delivered to infrastructure across Piopiotahi Milford Sound and the corridor.</li> <li>&gt; Mitigation of AF8 risks through reduction of footprint in Piopiotahi Milford Sound and provision of shelters and evacuation paths.</li> <li>&gt; Substantially reduced exposure to seismic risks in Piopiotahi Milford Sound by removal of visitor hotel and relocation of visitor and staff accommodation along the corridor</li> <li>&gt; Scale of infrastructure provision likely to increase carbon footprint.</li> </ul>



Investment objectives	Assessment rating	Assessment description
The benefit of hosting visitors and enabling private enterprise is extended to the communities of Southland and Otago	●	<ul style="list-style-type: none"> <li>&gt; High likelihood that a better experience increases the number of visitors, average duration and spend in a sustainable way.</li> <li>&gt; New commercial opportunities that enable regional growth.</li> </ul>

This option scores highly across the critical success factors. While it has a higher cost and is likely to require a longer lead time for implementation, this can be better managed through the dedicated revenue stream from the

IVAC and stronger management and governance arrangements to build momentum for delivery. There is a need to acquire and/or build the necessary capacity and capability in the market to deliver this option.

**Table 46: Assessment of option 4 against the critical success factors**

Critical success factors	Assessment rating	Assessment description
Strategic fit and business needs	●	<ul style="list-style-type: none"> <li>&gt; Aligns with all the investment objectives.</li> <li>&gt; Potential to apply this model to other national parks experiencing similar pressures.</li> <li>&gt; Represents a new approach which carries some risks.</li> </ul>
Value for money	●	<ul style="list-style-type: none"> <li>&gt; Higher value delivered against economic, environmental, cultural and social dimensions.</li> </ul>
Achievability	●	<ul style="list-style-type: none"> <li>&gt; Significant disruption involved but dedicated funding stream and buy-in of invested parties will be conducive to delivery.</li> <li>&gt; Legislative pathway will take time but can be delivered.</li> </ul>
Affordability	●	<ul style="list-style-type: none"> <li>&gt; High costs associated with this option.</li> <li>&gt; Dedicated funding stream and ability to leverage debt will support affordability.</li> </ul>
Capacity and capability	●	<ul style="list-style-type: none"> <li>&gt; Significant new management and governance capability required.</li> <li>&gt; New commercial opportunities will require existing and new operators to build capacity to deliver.</li> </ul>

#### OPTION 4 IMPACTS

This option has largely positive impacts across all parties. There are significant economic benefits anticipated as a result of the

investment, with local GDP and employment anticipated to increase materially as a result.



#### OPTION 4 SUMMARY OF ECONOMIC IMPACTS

Total costs	Total NPV (50 years)	Additional GDP from investment in infrastructure	Additional GDP from investment in conservation	Additional jobs created from investment in infrastructure	Additional jobs created from investment in conservation
\$4,477m	\$984m	\$27.9m annually over 12 year construction period	\$71.3m annually	215 FTEs annually over 12 year construction period	573 FTEs annually

Source: Milford Opportunities Project Visitation and Financial Modelling, Economic Impact Analysis

#### OPTION 4 TOURISM IMPACTS

Year	Total guest nights (Fiordland RTO)	Total visitor spend (Fiordland RTO)	Peak day visitors	Car mode share
2030	1,302,021	\$231,141,485	5,169	28.4%
2040	1,890,540	\$289,811,703	6,209	14.2%
2050	2,183,273	\$331,238,018	6,792	14.2%
2060	2,454,206	\$367,833,686	7,192	14.2%
2070	2,692,023	\$399,261,029	7,393	14.2%
2080	2,947,316	\$432,267,302	7,598	14.2%

Source: Infometrics

Table 47: Anticipated impacts of option 4 on mana whenua, invested groups and individuals

Profile	Possible impact	Scale of impact	Description of impact
Mana whenua	●	Significant impact that will be felt across Ngāi Tahu whanui	<ul style="list-style-type: none"> <li>&gt; Removal of barriers to exercise rangatiratanga and ability to participate in decision-making would bring great relief and sense of justice.</li> <li>&gt; Greater ability to participate in commercial activities would provide for opportunities to whānau to return home and forge stronger connections to the place and with their people.</li> </ul>
Large tourism operator	●	High impact	<ul style="list-style-type: none"> <li>&gt; Greater regulatory certainty and efficiency would reduce costs of doing business and enable greater private innovation and investment.</li> <li>&gt; More clarity on collective outcomes and vision for the place would provide opportunity to build a joined up experience that creates new opportunities.</li> <li>&gt; Likely to experience some added upfront costs and disruption from changes to concessions management.</li> <li>&gt; Significant disruption to specific operators, particularly with proposals to remove staff accommodation and visitor hotel.</li> </ul>
Small and medium business owners	●	Moderate impact	<ul style="list-style-type: none"> <li>&gt; More commercial opportunities for smaller and/or new enterprises.</li> <li>&gt; Competition for new concessions enabled by proactive approach to allocation.</li> </ul>



Profile	Possible impact	Scale of impact	Description of impact
			<ul style="list-style-type: none"> <li>&gt; Broader economic opportunities in the local and regional areas enabled by better management of tourism that allows for higher capacity for growth.</li> </ul>
International visitors	●	High impact over time	<ul style="list-style-type: none"> <li>&gt; Marked improvement in the visitor experience over time.</li> <li>&gt; Greater opportunities for culturally immersive experiences.</li> <li>&gt; Visible impact of change over time reinforces the role of visitors in helping to maintain the natural beauty of the place.</li> <li>&gt; Likely higher IVAC.</li> </ul>
Domestic visitors	●	High impact over time	<ul style="list-style-type: none"> <li>&gt; Marked improvement in the visitor experience over time.</li> <li>&gt; Greater opportunities to learn the history and heritage of the place and its significance to Ngāi Tahu.</li> <li>&gt; Impact of reduced parking and requirement for pre booking likely to be felt more keenly in the short term, but provision of alternative travel options will enable behaviour change.</li> </ul>
Recreational users (hunting and fishing, hiking, cycling)	●	Moderate impact	<ul style="list-style-type: none"> <li>&gt; More sustained and visible improvement early on.</li> <li>&gt; Introduction of new walking and cycling trails and accommodation presents new opportunities to experience the place.</li> <li>&gt; Improvements to natural environment from better visitor management and proceeds from the IVAC used to enhance conservation.</li> <li>&gt; Access may be materially impacted as a result of reduced car parking and booking system.</li> <li>&gt; Improvement in environment may encourage higher demand, creating greater competition for fewer slots.</li> </ul>
Conservation groups	●	High impact	<ul style="list-style-type: none"> <li>&gt; Likely to support strong conservation focus.</li> <li>&gt; Charge likely to enable initiatives to proceed that otherwise might not have.</li> <li>&gt; Likely to be emboldened to support conservation initiatives.</li> <li>&gt; May have concerns over adverse impacts of accommodation and new activities in the corridor</li> <li>&gt; May be concerned about how to ensure ongoing conservation protections during physical works and through new governance arrangements</li> </ul>
Central and local Government	●	High impact	<ul style="list-style-type: none"> <li>&gt; Improved ability to manage tourism and conservation in a more responsive manner, and with greater tools.</li> <li>&gt; Funding from the IVAC would enable delivery of conservation activities that would not otherwise have proceeded</li> <li>&gt; Potential to use this model in other national parks facing similar pressures</li> <li>&gt; Some loss of direct control through new governance and management arrangements.</li> </ul>
Local communities and residents	●	High impact	<ul style="list-style-type: none"> <li>&gt; Marked improvement in congestion and crowding effects</li> <li>&gt; Better spreading of visitation across peak and non-peak</li> <li>&gt; Ability to see visible progress and results within 5-10 years</li> <li>&gt; Maintain easy access into National Park and wider areas including Hollyford Valley.</li> </ul>





Image: Samuel Ferrara via unsplash

## Option 5: Pristine and reduced use

### OPTION 5 DESCRIPTION

This option would provide limited access to Piopiotahi itself with a strong conservation focus.

Further tourism and infrastructure investment would have an emphasis on less exclusive experiences along the corridor, with less infrastructure within Piopiotahi itself.

### OPTION 5 SPATIAL PLAN, LAYOUT AND ANCHOR INFRASTRUCTURE PROJECTS

Upgrades to infrastructure will include:

- > New visitor experience centre in Piopiotahi.
- > Removal of runway and revegetation of the foreshore.
- > Reduction of car parking by 80%.
- > Pou Whenua at national park entrance.

- > Reduction in camping provision at Totara, Deer flat, Knobs flat, Kiosk Creek and Eglinton (83 fewer overnight visitors).
- > Knobs flat interpretive building and walking track.
- > Whakatipu Trails Head visitor shelter with experience hub and trail head facilities.
- > Cycleway from Te Anau Downs to Cascade Creek (extended from Knobs Flat)
- > Shelters and cultural interpretive materials to educate visitors
- > New short and accessible tracks (Knobs flat, Waterfall walk, Hinepipiwai Hinepipiwai/Lake Marian lower loop, accessible walkway to Hollyford River Whakatipu Kā Tuka lookout, Monkey Creek, Lone Tree).
- > Te Anau visitor hub and interpretive centre.
- > Layout will change significantly with the removal of the aerodrome



Figure 15. Piopiotahi Milford Sound Spatial Plan Option 5





## OPTION 5 SUMMARY EVALUATION

This option is not recommended on the basis that it:

- > Limits the ability of multiple parties to access and enjoy Piopiotahi (albeit in favour of returning the place as close to its original condition as possible)
- > May create some perverse outcomes for instance around the ability for mana whenua, residents and local communities to move about freely
- > Is an untested approach in New Zealand and carries risks of deterring future visitors and could impact perceptions of the New Zealand tourism brand
- > The extent of benefits delivered through this option, apart from the conservation and environmental benefit, would be lower than under option 4 but at a comparable cost



## OPTION 5 DETAILED EVALUATION

The option scores highly against some investment objectives and carries some of the same benefits as option 4 but with greater risks/uncertainty over the extent of the benefits due to the exclusive nature of the approach that represents a relatively untested tourism proposition in New Zealand. The approach also risks introducing perverse outcomes such as new barriers for Ngāi Tahu, visitors and recreational users to enjoy and move about the place freely and the risk of impacting New Zealand's tourism brand by making it harder for visitors to access a must-see attraction.

Table 48: Assessment of option 5 against the investment objective

Investment objectives	Assessment rating	Assessment description
The role of Ngāi Tahu as mana whenua and Treaty partner is acknowledged, and Te ao Māori values are embedded throughout	●	<ul style="list-style-type: none"> <li>&gt; As with option 4, provides for an opportunity for a reset in Piopiotahi and removal of barriers that currently exist for Ngāi Tahu to exercise rangatiratanga.</li> <li>Greater opportunity for genuine involvement in decision making that will impact on Ngāi Tahu whānui.</li> <li>&gt; Māori culture and heritage is weaved into the visitor experience in a systematic and holistic way.</li> <li>&gt; Exclusive approach likely to present barriers for Ngāi Tahu Whānui to enjoy the place freely.</li> </ul>
Results in significantly improved governance and management of the area.	●	<ul style="list-style-type: none"> <li>&gt; Opportunity to reshape governance and management to enable more coordinated decision-making.</li> <li>&gt; Dedicated Piopiotahi Investment and Delivery Entity can provide for more strategic and efficient planning and execution.</li> <li>&gt; Likely to carry high risk/uncertainty as a relatively new and bespoke approach to national park management.</li> </ul>
Is supported by a self-funding, sustainable commercial model as much as possible	●	<ul style="list-style-type: none"> <li>&gt; Model is fully self-funding.</li> <li>&gt; Strong alignment to funding principles.</li> <li>&gt; Long-term viability of funding may be challenged by focus on particular traveller markets (e.g. high net worth)</li> </ul>
The visitor experience is world-class, enhances conservation and community	●	<ul style="list-style-type: none"> <li>&gt; Delivers against a range of expectations and preferences of visitors as identified through market research (cultural experiences, restoring sense of untouched wilderness, 'giving back').</li> <li>&gt; Availability of new revenue stream to support conservation and environment outcomes.</li> <li>&gt; Risk of being perceived as too exclusive or 'elitist'.</li> </ul>








Investment objectives	Assessment rating	Assessment description
Delivers infrastructure that is effective, efficient, resilient and environmentally sustainable		<ul style="list-style-type: none"> <li>&gt; Significant upgrades delivered to infrastructure across Piopiotahi and the corridor.</li> <li>&gt; Mitigation of AF8 risks through reduction of footprint in Piopiotahi and provision of shelters and evacuation paths.</li> <li>&gt; Smaller scale of infrastructure provision consistent with environmental and conservation objectives.</li> <li>&gt; No accommodation at Knobs flat to reduce travel distances and alleviate natural hazard risk in Piopiotahi</li> </ul>
The benefit of hosting visitors and enabling private enterprise is extended to the communities of Southland and Otago		<ul style="list-style-type: none"> <li>&gt; Significantly fewer commercial opportunities under this option</li> <li>&gt; Higher charge and exclusive approach may restrict tourism volumes.</li> </ul>

This option returns mixed scores across the critical success factors. It scores lowest on achievability due to the legislative and policy complexities around proposals that will restrict access to the national park on a state highway

corridor. The option is so arguably represents a potential departure from other approaches to tourism in New Zealand both regionally and nationally which result in a lower strategic fit rating.

Table 49: Assessment of option 5 against the critical success factors

Critical success factors	Assessment rating	Assessment description
Strategic fit and business needs		<ul style="list-style-type: none"> <li>&gt; Aligns with all investment objectives</li> <li>Presents a departure from national tourism approach and potentially inconsistent with NZ inc brand</li> <li>&gt; Represents a new approach which carries some risks</li> </ul>
Value for money		<ul style="list-style-type: none"> <li>&gt; Cost is similar to option 4 but with a more limited set of benefits, particularly with fewer commercial opportunities and less diverse range of travellers targeted</li> </ul>
Achievability		<ul style="list-style-type: none"> <li>&gt; Significant disruption involved</li> <li>&gt; Buy-in and support of parties may be hard to achieve given the exclusive nature of the option</li> <li>&gt; Significant legislative challenges inherent in the approach that may hinder or slow implementation</li> </ul>
Affordability		<ul style="list-style-type: none"> <li>&gt; Higher costs associated with this option, although not as high as option 4</li> <li>&gt; Dedicated funding stream and ability to leverage debt will support affordability</li> </ul>
Capacity and capability		<ul style="list-style-type: none"> <li>&gt; Significant new management and governance capability required</li> <li>&gt; New approach to access and significant change to existing tourism offering (e.g. removal of aerodrome and cruise access) presents greater market disruption</li> <li>&gt; New commercial opportunities will require existing and new operators to build capacity to deliver</li> </ul>



## OPTION 5 IMPACTS

There are mixed impacts from this option with certain groups and individuals likely to favour the exclusive approach while others may experience barriers to enjoying the place themselves or undertaking commercial activities that respond to visitor needs.

Economic impacts are slightly lower than option 4 representing the reduced volume of visitation as a result of this option which is not completely offset by an expected increase in average visitor spend.

## OPTION 5 SUMMARY OF ECONOMIC IMPACTS

Total costs	Total NPV (50 years)	Additional GDP from investment in infrastructure	Additional GDP from investment in conservation	Additional jobs created from investment in infrastructure	Additional jobs created from investment in conservation
\$3,925m	\$1,509m	\$25.6m annually over 12 year construction period	\$100m annually	198 FTEs annually over 1 year construction period	806 FTEs annually

Source: Milford Opportunities Project Visitation and Financial Modelling, Economic Impact Analysis

## OPTION 5 TOURISM IMPACTS

Year	Total guest nights (Fiordland RTO)	Total visitor spend (Fiordland and RTO)	Peak day visitors	Car mode share
2030	1,069,869	\$204,937,902	4,358	19.6%
2040	1,444,810	\$245,021,636	5,243	4.4%
2050	1,660,883	\$277,635,383	5,782	4.4%
2060	1,688,721	\$307,784,726	6,224	4.4%
2070	2,061,585	\$335,345,260	6,563	4.4%
2080	2,274,936	\$365,285,236	6,926	4.4%

Source: Infomet

Table 50: Anticipated impacts of option 5 on mana whenua, invested groups and individuals

Profile	Possible impact	Scale of impact	Description of impact
Mana whenua	●	Significant impact that will be felt across Ngāi Tahu whānui	<ul style="list-style-type: none"> <li>&gt; Removal of barriers to exercise rangatiratanga and ability to participate in decision-making would bring great relief and sense of justice.</li> <li>&gt; Focus on conservation likely to be welcomed as the natural health of the place receives highest priority.</li> <li>&gt; Likely to be fewer commercial activities relative to option 4</li> <li>&gt; Risk that there are new barriers put in place that inadvertently hinder connection to and enjoyment of place for Ngāi Tahu Whānui.</li> </ul>
Large tourism operators	●	Moderate to high level of impact over time	<ul style="list-style-type: none"> <li>&gt; Greater regulatory certainty and efficiency would reduce costs of doing business and enable greater private innovation and investment.</li> <li>&gt; More clarity on collective outcomes and vision for the place would provide opportunity to build a joined up experience that creates new opportunities.</li> </ul>



Profile	Possible impact	Scale of impact	Description of impact
			<ul style="list-style-type: none"> <li>&gt; Likely to experience some added upfront costs from changes to concessions management.</li> <li>&gt; May risk further exclusion of operators if experience becomes focused on a select few 'high-end' products</li> <li>&gt; Higher cost of compliance likely to be associated with stronger oversight and enforcement of concessions to preserve natural environment.</li> </ul>
Small and medium business owners	●	Limited impact	<ul style="list-style-type: none"> <li>&gt; Limited new commercial opportunities for smaller and/or new enterprises.</li> <li>&gt; Some added economic opportunities in the local and regional areas enabled by better management of tourism that allows for higher capacity for growth (albeit somewhat constrained compared to option 4).</li> </ul>
International visitors	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Marked improvement in the visitor experience over time.</li> <li>&gt; Greater opportunities for culturally immersive experiences.</li> <li>&gt; Visible impact of charge over time reinforces the role of visitors in helping to maintain the natural beauty of the place.</li> <li>&gt; High entry fee likely to deter some travellers.</li> <li>&gt; Limited spaces for bookings may become a source of frustration over time.</li> </ul>
Domestic visitors	●	Moderate to high impact over time	<ul style="list-style-type: none"> <li>&gt; Marked improvement in the visitor experience over time.</li> <li>&gt; Greater opportunities to learn the history and heritage of the place and its significance to Ngāi Tahu.</li> <li>&gt; Significant reductions in parking will impact many that expect to be able to drive in freely.</li> <li>&gt; May encounter difficulties booking limited spaces in competition with international travellers, particularly in peak periods.</li> </ul>
Recreational users (hunting and fishing, hiking, cycling)	●	High impact	<ul style="list-style-type: none"> <li>&gt; More sustained and visible improvement early on.</li> <li>&gt; Introduction of new walking and cycling trails presents new opportunities to experience the place.</li> <li>&gt; Improvements to natural environment from better visitor management and proceeds from the IVAC used to enhance conservation.</li> <li>&gt; Limited parks for booking and likely requirements for permits would have a major impact on access.</li> </ul>
Conservation groups	●	High impact	<ul style="list-style-type: none"> <li>&gt; Focus on conservation likely to be welcomed as the natural health of the place receives highest priority.</li> <li>&gt; Charge likely to enable initiatives to proceed that otherwise might not have.</li> <li>&gt; Likely to be emboldened to support conservation initiatives.</li> </ul>
Central and local Government	●	High impact	<p>Improved ability to manage tourism and conservation</p> <p>Funding from the charge would enable delivery of conservation activities that would not otherwise have proceeded</p> <p>May experience push back from interested parties on the more restrictive access provisions</p>
Local communities and residents	●	High impact	<p>Marked improvement in congestion and crowding effects</p> <p>Better spreading of visitation across peak and non-peak</p> <p>Ability to see visible progress and results within 5-10 years</p> <p>Likely to feel excluded / inhibited from accessing the national park as freely as they are used to</p>



## Appendix 3.4: Approach to economic Impact analysis

We have undertaken a static economic impact analysis to identify the additional GDP and employment that will be generated by the construction of physical assets and delivery of conservation activities in Piopiotahi Milford Sound, the Milford Corridor and Te Anau.

### Method

Economic impact analysis estimates the contribution that an activity makes to a geographical area in terms of output, GDP and employment. The analysis identifies the impact from the direct expenditure associated with a project and then applies regional multipliers to determine the indirect and induced effects of that initial expenditure in terms of gross output value added (GDP), and employment.

1. Direct impacts are those that are initially generated by the initial expenditure with businesses.
2. indirect impacts – these occur when the initial businesses purchase materials and services from supplier firms, who in turn make further purchases from their suppliers and so forth.
3. induced impacts occur when employees in the enterprises and in firms supplying services are paid a wage and the enterprises generate profits, which are then spent on consumption within the region.

Total impact is then the sum of the direct, indirect and induced impacts.

We focused on the expenditure on infrastructure that will result from the different options and assessed the direct and indirect economic impacts that are attributable to this.

We averaged the capital expenditure over the period in which it would be spent to identify the typical impact. For example, under the preferred option, there is total capex of \$558.5m over 12 years or an average each year of \$46.54m.

We have assumed that the infrastructure expenditure initially flows to construction industries, according to the following split:

- > 30% on non residential
- > 50% on heavy & civil engineering, and
- > 20% on construction services.

We have also assumed the following breakdown of expenditure on conservation activities:

- > 20% on heritage and artistic activities (e.g., biodiversity plantings)
- > 20% on scientific, architectural and engineering services (e.g., research activities)
- > 20% on heavy and civil construction (e.g., flood protection)
- > 40% on agricultural, forestry and fishing support services (e.g. native tree planting).

Multipliers are then applied to expenditure for each industry to provide the direct, indirect and induced impacts.

### Multipliers

Multipliers are constructed from a detailed set of Input-Output (I-O) tables that show the relationships between goods and services produced by each industry and the use of these goods and services by other industries and final users within a defined geographic area.

The size of the multiplier depends upon the degree of economic self-sufficiency. The more self-sufficient a region or nation is, the higher the multiplier is likely to be. Each industry has a different multiplier based on different patterns of purchases of goods and services from other industries.

The regional I-O tables used in this analysis were supplied by Butcher Partners and reflect inter-industry activity in the Southland economy for

the 2019/20 year. Employment to output ratios have been revised to 2024 to reflect changes in prices.

## Outputs

Table 51: Annual economic impacts of infrastructure expenditure over 12 year construction timeframe

Southland	Direct	Indirect	Induced	Direct + Indirect	Direct + Indirect + Induced
<b>Option 1</b>					
Output (\$m)	0	0	0	0	0
GDP (\$m)	0	0	0	0	0
Employment (FTEs)	0	0	0	0	0
<b>Option 2</b>					
Output (\$m)	10.2	5.2	1.7	17.1	24.0
GDP (\$m)	3.0	2.1	1.0	6.1	9.2
Employment (FTEs)	25	17	6	48	71
<b>Option 3</b>					
Output (\$m)	43.0	21.7	7.1	71.8	106.6
GDP (\$m)	12.8	8.8	4.2	25.8	38.8
Employment (FTEs)	105	70	24	199	293
<b>Option 4</b>					
Output (\$m)	46.5	23.5	7.7	77.7	116.9
GDP (\$m)	13.8	9.5	4.6	27.9	41.9
Employment (FTEs)	114	75	26	215	316
<b>Option 5</b>					
Output (\$m)	42.7	21.6	7.1	71.4	106.1
GDP (\$m)	12.7	8.7	4.2	25.6	38.6
Employment (FTEs)	105	69	24	198	291



Table 52. Annual economic impacts of conservation expenditure

Southland	Direct	Indirect	Induced	Direct + Indirect	Direct + Indirect + Induced
<b>Option 1</b>					
Output (\$m)	0	0	0	0	0
GDP (\$m)	0	0	0	0	0
Employment (FTEs)	0	0	0	0	0
<b>Option 2</b>					
Output (\$m)	30.9	10.9	6.6	41.8	48.4
GDP (\$m)	15.0	5.0	3.9	20.1	24.0
Employment (FTEs)	131	40	22	171	193
<b>Option 3</b>					
Output (\$m)	25.6	9.0	5.5	34.7	40.1
GDP (\$m)	12.5	4.2	3.3	16.6	19.9
Employment (FTEs)	109	33	18	42	160
<b>Option 4</b>					
Output (\$m)	95.1	33.6	20.4	128.7	149.0
GDP (\$m)	46.3	15.5	12.1	61.8	73.9
Employment (FTEs)	403	122	68	525	594
<b>Option 5</b>					
Output (\$m)	132.0	46.6	28.3	178.7	207.0
GDP (\$m)	64.2	21.5	16.8	85.8	102.6
Employment (FTEs)	559	170	95	730	824

## Measures of Economic Activity

EIA provides three measures of economic activity – Gross Output, Value Added and Employment.

Gross Output is the value of production, which is built up through the national accounts as a measure of gross sales or turnover. It is essentially the initial expenditure incurred by the activity.

Value Added is the increase in output generated along the production process, which when aggregated totals GDP. Value Added is the sum of:

- > compensation of employees (salaries and wages)
- > income from self-employment
- > depreciation
- > profits, and
- > indirect taxes less subsidies.

Employment, generally expressed as FTEs to allow for comparison. FTEs is the number of full-time employees and working proprietors. FTEs provide a measure of total labour demand associated with gross output for one year. For example, four full-time jobs running for three months would be shown as one FTE.

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## Limitations of Multiplier Analysis

### **Additionality**

It is assumed that the activity or event being analysed does not displace existing activity. This suggests that there is no second alternative that will attract a level of investment and therefore economic activity.

### **Impact**

It is assumed that an activity will not have an impact in relative prices. The larger the activity, or the more concentrated it is in a single industry or region, the more likely it is that relative prices would change.

### **Aggregation**

Each industry has its own unique inputs and outputs and thus multipliers. The more aggregated the level of analysis, the less accurate these inputs and outputs become. It is therefore important to apportion the initial expenditure to the industry where it occurs. In particular, given the uncertainty over where the funding for conservation could be allocated, the analysis should be treated as indicative only.

There is also uncertainty over the level of capacity and capability in the market to scale up to deliver the increased investment. The analysis assumes that the market can deliver the expected uplift over time but possible limitations are discussed further in the Commercial Case.



# 04 FINANCIAL CASE

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This Financial Case sets out the financial strategy that underpins this proposal, outlines the overall financial costs of the preferred option, and provides an overview of the approach that the Project proposes to take in order for the proposal to be self-funding.

# 04.

## FINANCIAL CASE

This Financial Case sets out the financial strategy that underpins this proposal, outlines the overall financial costs of the preferred option, and provides an overview of the approach that the Project proposes to take in order for the proposal to be self-funding.

The costs included in this Financial Case outline the costs associated with implementation, revenues that are generated from the proposed introduction of an International Visitor Access

Charge (IVAC) by way of a statutory levy, cashflow forecasts, and timing of investment proposed for the preferred option (Option 4).

### THIS CASE INCLUDES:

- 1 The projected costs to be borne and how these map onto the business case options.
- 2 The projected revenues associated with the IVAC.
- 3 Projections of net IVAC revenue, including an assessment of the revenue potential associated with new and existing concessions.
- 4 How borrowing can be used to manage mismatches between revenues and expenditures.
- 5 An assessment of different financing options, including options for private finance, how financial risks and uncertainties will be managed, and the ability for the Project to be self-funding over time.



## 4.1 Financial strategy

This section outlines the proposed financial strategy that has been used to develop the funding and financing approaches outlined in this Financial Case.

### KEY POINTS

- 1 There is limited funding available within current Department of Conservation (DOC) baseline for the management of Fiordland National Park and these are highly unlikely to increase to a level to meet the investment requirements of higher visitor volumes. Funding within the significant marine environment is also heavily constrained.
- 2 An IVAC, set at a level of \$100 per adult and \$50 per individual 14 and under, delivers sufficient revenue to ensure that the preferred option is self-funded over its life.
- 3 This IVAC is introduced beginning 1 July 2027, in time for the FY 27/28 financial year.
- 4 The IVAC and its associated revenue can be ring-fenced and structured in an 'IFF-type' arrangement, which would provide the management entity the ability to source private finance against this IVAC revenue.
- 5 Investments required in advance of the commencement of the IVAC and the sourcing of private finance can be funded with a fiscally-neutral Crown loan, which would be paid back immediately upon the structuring of any private finance deal.
- 6 More than 50% of assets and services proposed as part of the preferred option have the opportunity to be delivered by the private sector, through new concession arrangements, representing significantly increased opportunities for the economic growth of the tourism sector in Piopiotahi Milford Sound.
- 7 The IVAC and revenues generated from the IVAC can also deliver investment of \$4.754b in additional funding to support conservation and environmental activities within the broader Fiordland National Park and related marine environment, which averages to more than \$93.206m per year, increasing the amount of funding available in the region by more than 9x compared to current expenditure.

## A financial strategy has been developed to underpin the funding model proposed and the financial forecasts included in this Financial Case

This financial strategy was developed to demonstrate how the Project and preferred option could be financially viable and self-funding over the whole of its life. Cabinet has previously agreed that the Project would be self-funding via access charging for international visitors, a contribution from which would fund conservation work in the Fiordland National Park [DEV-21-MIN-0135].

This strategy and approach has been developed to provide a basis for making decisions about how the preferred option should be funded and financed, underpinned development of the options in the Economic Case, and identified

funding and financing opportunities associated with the preferred option.

We have assumed that there will be no further funding available from DOC to meet the costs of the infrastructure upgrades necessary to respond to visitor growth. Fiordland National Park currently receives 1.5% of the total set aside for management of conservation lands (or 0.84% when accounting for revenue generated from recreation fees).

Under current fiscal pressures, this is unlikely to change materially in the near future. Without additional funding we assess that the visitor experience and conservation outcomes within Fiordland National Park are likely to decline further. Third party revenue, via concession arrangements, is also constrained as a number of the larger concessions are not on terms that would enable the introduction of new revenue stream. Funding within the marine environment is also constrained.

### Attracting private finance: Learning from the Infrastructure Funding and Financing (IFF) Model

Successfully raising the funding (revenue) and financing (borrowing) for the project will involve performing the following key activities:

- > establishing a statutory levy mechanism and authority, including arrangements for proposing, recommending, approving, and monitoring compliance with a levy order (see the Management Case which sets out the key roles and responsibilities)
- > statutory arrangements would need to provide for appropriate investor protections, including clear ringfencing of levy revenue and what it may be used for.
- > implementing a system for levy collection and enforcement.
- > raising finance to undertake activity (including negotiating terms, establishing financial covenants, pledging security) and using proceeds from the levy to repay principal and interest over time.
- > implementing a system for disbursing funding to undertake construction activity and "give back" to conservation and the environment.
- > comply with financial reporting and audit requirements to ensure public accountability.

All options would require oversight and administration of levy making powers, and retention of monitoring and regulatory functions. Options involving Crown finance may be cheaper, but potentially masks the true risk and involves commitment of scarce Crown capital.

The Infrastructure Funding and Financing Act 2020 is not applicable to MOP in its current form due to its limited scope (primarily urban development, transport, housing) and because it is designed to support local authority-led projects. It relies on local government rating mechanisms to collect revenue and provide security to lenders.

A bespoke statutory framework could be designed drawing on key provisions in IFF legislation, thereby supporting investor acceptability.

The general process and roles of the IFF model is set out in Appendix 1 to the Financial Case, and how this model is applied for Piopiotahi Milford Sound is considered in the Management Case.



The development of this financial strategy has been guided by the following principles:

- > **additionality** - new revenue streams should support additional investment, not substitute for or divert existing spending that otherwise occurs within Fiordland National Park
- > **fully-funded** - debt should be used to smooth the mismatch between capital costs and revenues within prudent limits
- > **commercial financing** - any financing options (whether provided by the Crown or third parties) should be on arms-length commercial terms
- > **revenue source should reflect characteristics of the good or service** - public and club goods should be IVAC funded, whereas private goods should be provided privately, where private provision is commercially viable (and subject to concessions or appropriate permission)
- > **prudent borrowing limits** - borrowing limits and interest cover ratios should be determined in accordance with prudent benchmarks consistent with maintaining an investment grade credit rating.

A key objective underpinning the financial strategy is that the Project is self-funding. In practice this means that:

- > the costs associated with investment and activity is recovered through dedicated revenue streams
- > the additional costs to be incurred can be met without borrowing on the Crown or local

government for contributions through general taxation or rates revenue

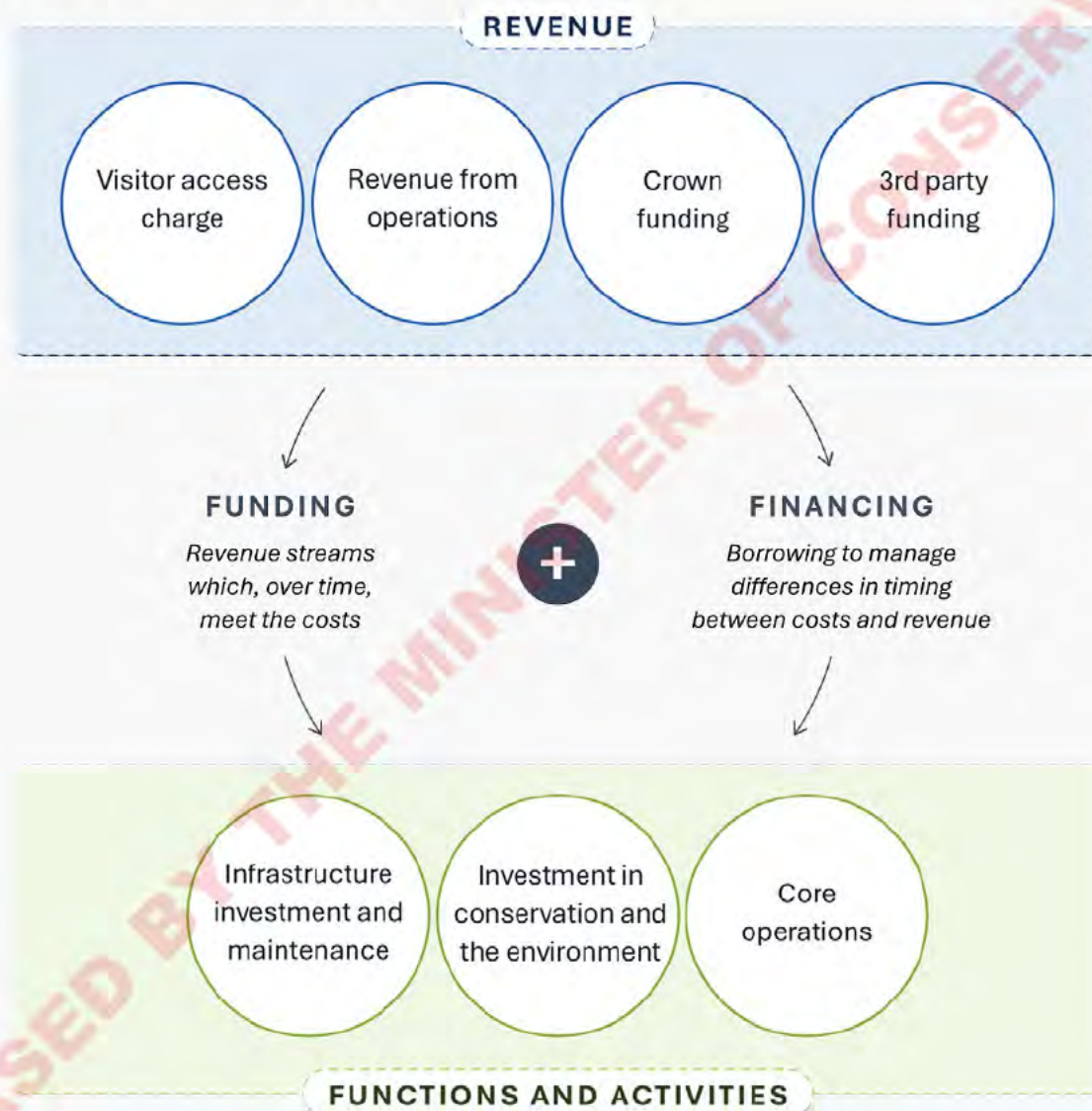
- > there is sufficient revenue to not only fund the upfront capital investment required to upgrade infrastructure and improve the visitor experience, but also to fund ongoing expenditure to operate the infrastructure, maintain and renew assets, and replace them at the end of their useful life
- > revenue is sufficient to meet the governance management and administrative costs associated with the preferred option, such as the costs of collecting revenue, administering funding, procurement, and contract management, general operating costs, and the cost of capital
- > revenue will be set at a level that generates a quantum to “give back” for investment in conservation and environmental activities via a “Piopiotahi Protection and Restoration Fund” or equivalent, and
- > the financial strategy is underpinned by an integrated funding and financing model, the results of which are presented in this financial case and are used to generate 50-year financial projections associated with different input assumptions and the preferred option outlined in this Financial Case.

We outline an overall set of assumptions that are used to support these inputs and forecasts for the preferred option in Appendix 4.2.

A funding and financing model has also been developed, utilising a range of different funding and financing sources to demonstrate the ability of the Project to be self-funding

As part of developing the detailed cost and revenue estimates in line with the financial strategy, an overall funding and financing model has been developed to demonstrate the affordability of the preferred option. The overall structure of this model is illustrated below, in Figure 1.

Figure 1. Visual Representation of Funding & Financing Model





## 4.2 The preferred option is forecast to be fully self-funding, with the ability to generate significant amounts of ongoing revenue for investment in conservation and environmental activities

This section outlines the cost and revenue of each of the business case options, and demonstrates that the preferred option (Option 4) can be fully self-funded.

### KEY POINTS

- 1 Option 4 is estimated to have a total NPV of \$984.073m over fifty years.
- 2 The preferred option can be fully self-funded with the introduction of an IVAC set at \$100 for adults and \$50 for children 14 years of age and under, which is estimated to collect at least \$75m in revenue per annum.
- 3 The preferred option presumes that large cruise ships are still able to access the marine area in the near term, and that the IVAC is applied to those visitors on the same basis as other international visitors.
- 4 Upfront borrowing is kept to a maximum of \$99.000m in private financing, and debt to revenue ratios are no worse than 0.497 times revenue (or 49.7%), and the debt service coverage ratio for the entity is at least 23 times interest expense, ensuring that borrowing is kept at prudent levels.
- 5 An initial fiscally neutral Crown loan of \$59.000m is also sought, to begin investment in key infrastructure whilst IVAC legislation is progressed. This amount is fully re-paid (with interest costs) once the IVAC is established and private financing is secured.
- 6 We have estimated private financing rates utilising an all-in weighted average cost of capital (WACC) that is +300 bps above estimated Government 20-year bond rates.  
  
The all-in WACC rate represents the complete cost of borrowing, inclusive of estimates for one-off costs that would occur as part of seeking private finance, such as loan origination and re-financing costs.



Option 4 is estimated to have a total value of \$984.073m in net present value (NPV) terms over fifty years, which is made up of \$9,230.961m in total revenue received from the IVAC and \$4,477.454m in total

expenditure. A summary of this total revenue, expenditure, and its categories, for all the options outlined in the Economic Case are included below, in Table 1.

Table 1: Revenue and Expenditure forecasts for Options 1 – 5

Category	Option 1	Option 2 with \$25 IVAC	Option 3 with \$50 IVAC	Option 4 with \$100 IVAC	Option 5 with \$150 IVAC
Revenue from IVAC	\$-m	\$1,871.844m	\$5,097.656m	\$9,230.961m	\$10,525.524m
Revenue earned from concessions <sup>1</sup>		\$196.292m	\$381.416m	\$395.117m	\$363.54m
Total Revenue	\$-m	\$1,871.844m	\$5,097.656m	\$9,230.961m	\$10,525.524m
Initial Infrastructure Expenditure	\$-m	\$49.063m	\$374.780m	\$591.992m	\$415.603m
Replacement and Renewal Capital Expenditure	\$-m	\$104.035m	\$958.465m	\$36.636m	\$1,000.655m
Commercial and Legal Costs	\$-m	\$8.864m	\$20.98 m	\$31.888m	\$24.126m
Operating Expenditure	\$-m	\$76.524m	\$1,269.935m	\$1,209.150m	\$1,614.478m
Depreciation & Renewals	\$-m	\$72.884m	\$660.292m	\$973.557m	\$696.716m
Debt and Interest Expense Payments	\$-m	\$16.032m	\$541.911m	\$303.230m	\$173.176m
Total Expenditure	\$-m	\$32.401m	\$3,817.371m	\$4,477.454m	\$3,924.754m
Total NPV over fifty years	\$-m	\$414.745m	\$252.976m	\$984.073m	\$1,509.258m

Note: Under all options, revenue earned from concessions is assumed to go to DOC, and does not go to the entity.

The preferred option's IVAC revenue assumptions are based on the introduction of a \$100 international IVAC, with updated tourism and visitation forecasts provided by Infometrics

The proposed IVAC is the key enabler of the preferred option's self-funding potential. The IVAC has the potential to generate a significant

revenue stream in perpetuity, which can be used to meet the Project's costs. It can also potentially be used as a revenue stream against which private finance could be secured and forms the basis through which the overarching Project could be self-funding.<sup>2</sup>

A summary of the visitation forecasts, and the revenue that they earn, is summarised in Figure 2 (next page).

<sup>1</sup> Note that the revenue earned from concessions is presumed to be earned by the Department of Conservation and is not included in the NPV calculations in this financial case, because this financial case focusses on the ability of any new entity to self-fund its activities.

<sup>2</sup> This outcome depends crucially on the institutional arrangements. In particular, the statutory provisions included within enabling legislation would need to provide suitable investor protections. Given the volatile nature of visitor demand, securing private finance would also require conservative borrowing limits and/or the provision of Crown support, in the form of backstop agreements in any private financing arrangements. Suitable insurance or cost-sharing arrangements in the event of a natural disaster is also likely to be required to enable private finance.

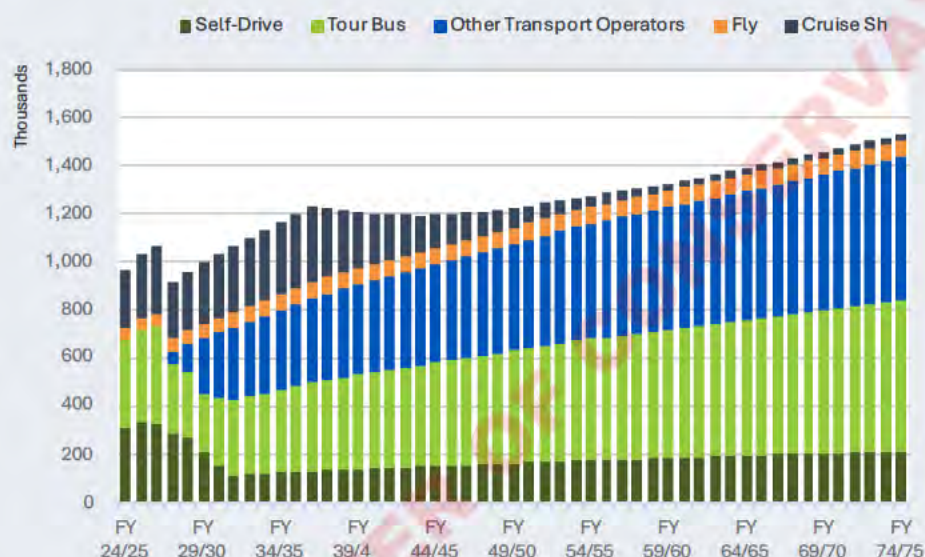


## Visitation forecasts for Piopiotahi Milford Sound

Table 2. Visitation forecasts

\$100 IVAC	Total Visitor volumes over 50 Years	Change	% Change
Stage 2	53.973m		
Infometrics	48.031m	-5.942m	-11%

Figure 2. Visitation forecasts and assumptions that drive the revenue forecasts in the Financial Case



Source: Milford Opportunities Project Visitation and Financial Modelling

### Assumptions:

- > International visitors are charged \$100 as an IVAC, with children 14 and under \$50 (50% of the adult fare).
- > Visitation to Piopiotahi Milford Sound stays at roughly the same proportion of total international tourist arrivals as at present.
- > The demand elasticity of international visitors from Australia is -0.58, and the demand elasticity of visitors from the rest of the world is -0.44.
- > IVAC applies to all international visitors regardless of their mode of access (bus, private vehicle, aeroplane or cruise ship, tramping).
- > Visitation forecasts have been provided by Infometrics, and have been updated since the production of forecasts included in the Stage 2 Tourism Report.
- > Visitation for cruise ships have been provided by Infometrics, and then are subject to a sinking lid beginning in 2038 that reduces cruise ship volumes by 10% per annum until only small, expedition-style ships are presumed to be allowed to enter Piopiotahi Milford Sound.

Infometrics forecasts are for lower visitor volumes over the 50-year period, as:

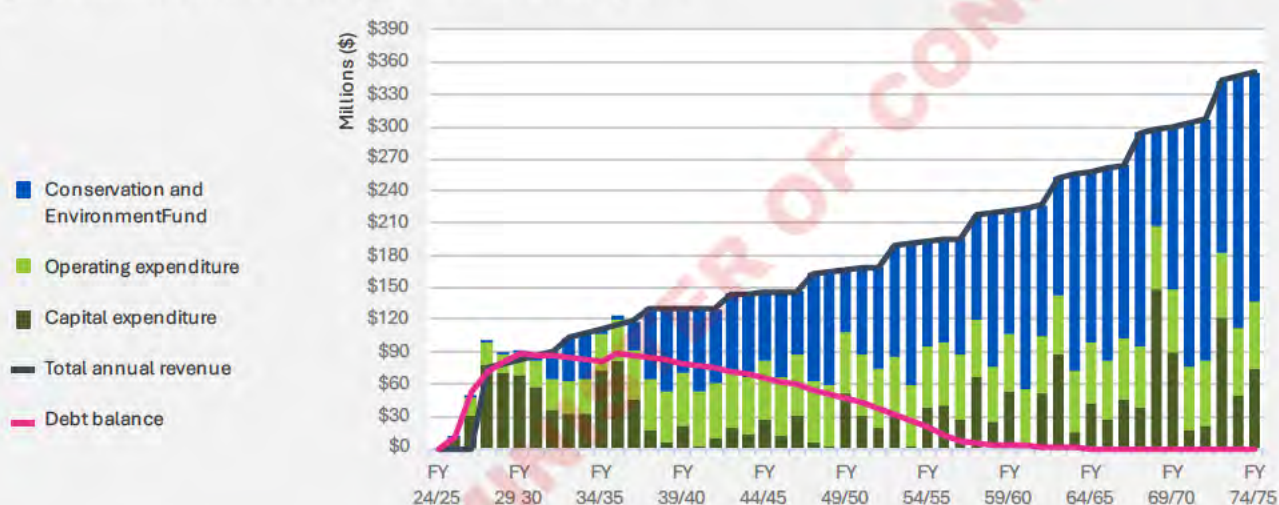
- > Actual visitor volumes since COVID have been less than previously modelled
- > The recovery to pre-COVID volumes has a slightly slower recovery than previously assumed.

IVAC revenue generated by visitation forecasts	\$9,230.961 M
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Option 4 can be delivered with limited to no up-front Crown financing, and can function as a significant future revenue source for investment, operating costs, conservation and environmental activity in the National Park and marine area, contributing to economic activity in the broader region and materially contributing to conservation and environmental outcomes

A summary of the fifty-year cashflow forecast for Option 4 is included below, and the major financial metrics for Option 4, are included below, in Figure 4.

Figure 3. Cashflow forecasts and major financial metrics for Option 4



<b>Total Revenue</b>	<b>\$9,230.961m</b>
<b>Total Expenditure</b>	<b>\$4,477.454m</b>
<b>Total NPV</b>	<b>\$984.073m</b>
<b>Maximum Private Debt required</b>	<b>\$99.0m</b>
<b>Minimum Debt Service Coverage Ratio (above 1.25 times ideal)</b>	<b>23.889</b>
<b>Maximum Debt to Revenue Coverage Ratio (below 130% ideal)</b>	<b>0.497, or 49.7% of revenue</b>
<b>Value of Funds Available for Investment in Conservation and Environment Activity</b>	<b>\$4,753.507m</b>

Source: Milford Opportunities Project Visitation and Financial Modelling



## 4.3 Costs to be funded

This section outlines the costs that are required to be funded by the preferred option and are included in the modelling.

### KEY POINTS

- 1 A total of \$591.992m in capital construction costs are estimated to be required to give effect to the Masterplan.
- 2 A total of \$2,101.811m is estimated to be required for renewal capital and maintenance over the fifty years to maintain, replace and upgrade the assets proposed to be developed. \$734.175m of this is funded through depreciation reserves set aside on the balance sheet, and \$1,367.636m in additional expenditure is funded through additional cash from the balance sheet.
- 3 Depreciation and asset re-investment represents a total of \$973.557m in total costs over the fifty-year period.
- 4 Operating costs are estimated to be \$1,259.943m over the fifty-year period.
- 5 Debt, Financing and Interest expense is estimated to be \$339.194m over the fifty-year period.
- 6 The total amount of funding estimated to be available for further conservation and environmental investment is \$4,753.507m over the fifty-year period (an average of \$93.206m per annum).
- 7 This represents the balance of revenue that the IVAC generates on an annual basis once major construction is completed and is equivalent to 52% of the total revenue generated.

A total of \$4,477.454m is required to be funded, and a total amount of funding of \$9,230.961m is estimated to be available with the IVAC set at

\$100 per visitor. A summary of this table is included below in Table 3.

**Table 3. Total costs required to be funded**

Cost category	Total financial costs
Project Capital Expenditure	\$591.992m
Renewal Capital Expenditure	\$1,367.636
Project Operating Expenditure- commercial and legal costs to implement master plan	\$31. 88m
Ongoing Operating Expenditure <sup>3</sup>	1,512.381m
Depreciation expense <sup>4</sup>	\$973.557m
Total costs required to be funded	\$4,477.454m
Revenue available for conservation and environment activities	\$4,753.507m

The preferred option includes for a range of costs to be funded:

- > The costs to upgrade and maintain infrastructure required to support an enhanced visitor experience
- > Other operating costs, including the cost to govern, manage and administer the project, and the interest and other cost associated with the financing arrangements
- > Some allowances and provisions for activities such as further land remediation that may be required, and an additional amount for contingency for unknown scope items, above and beyond the contingencies already applied to construction estimates
- > Balance of revenue that could be applied to further investment in conservation and environmental activities throughout Fiordland National Park and the marine area.
- > A total of \$94.062m or 26% of total costs in contingency has been added to base estimates for construction of assets, as well as \$106.620m (29%) in escalations, against base estimates of \$365.793m in construction costs provided by the various engineering and

consulting firms independently commissioned by the MOP Unit.

Capital costs for infrastructure are estimated based on an updated spatial plan and recommended assets, the mix of ownership provision of these assets, and the timing of construction activities.

The scope of capital infrastructure costs to be met includes:

- > Upfront capital costs associated with building new or upgrading existing infrastructure, including demolition costs of existing costs
- > Renewal and replacement costs at the end of the assets' useful life.
- > WSP has completed feasibility reports for a range of assets that are proposed for construction in line with the updated spatial plan recommended within Option 4. A summary of the individual assets proposed for construction, their proposed ownership arrangements, their costs, and the proposed timing of these costs, is included in Appendix 4.3.

<sup>3</sup> A more detailed breakdown of operating expenditure is included later in this document.

<sup>4</sup> In addition to funding from depreciation, the modelling includes capital refreshes and maintenance of assets that are funded from cash reserves on the entity's balance sheet, beyond the expense accrued as part of depreciation.



- > The approach to the inclusion of contingencies within these asset estimates is also outlined and included in Appendix 4.2.
- > Some assets have had costs provided by different sources – walking and cycling tracks come from a report that Southern Land produced for the Project. The aerodrome re-development costs included in the modelling come from CPM Ltd.
- > A peer review of the costs estimates was also conducted on a range of assets by Alta Consulting.
- > Where applicable, the cost estimates provided by Alta have been utilised in lieu of the cost estimates provided by WSP. These estimates have been used as the basis for the costs presented in this financial case.

Capital costs for infrastructure are estimated based on an updated spatial plan and recommended assets, the mix of ownership provision of these assets, and the timing of construction activities

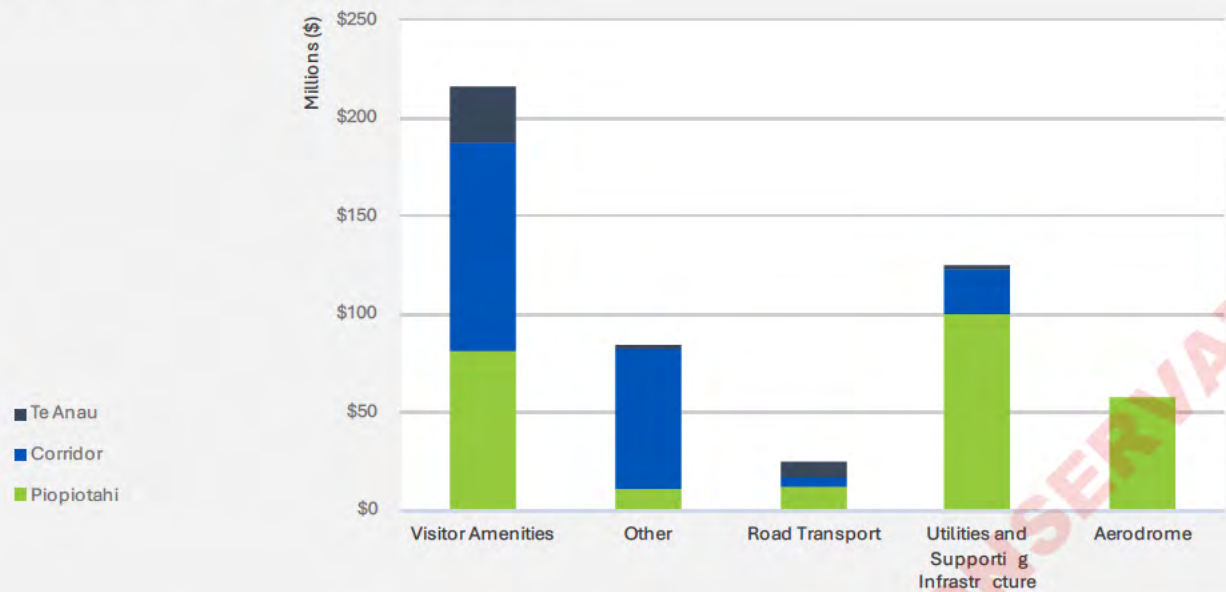
The scope of capital infrastructure costs to be met includes:

**Table 4. Scope of infrastructure costs**

Location	Infrastructure elements
<b>Piopiota Milford Sound village</b>	<ul style="list-style-type: none"> <li>&gt; Buildings encompassing a Visitor Hub, Tauranga Waka landing area and arrivals point within Freshwater Basin.</li> <li>&gt; Limited staff accommodation at Cleddau Flats Service Area.</li> <li>&gt; Arrival bus stop and walkway.</li> <li>&gt; Landscape features, including viewing deck walkway and waterfront walkways.</li> <li>&gt; New vehicle access corridor</li> <li>&gt; Wastewater, drinking water, and power upgrades.</li> <li>&gt; Freshwater Basin upgrades, including new facilities at the existing ferry terminal, safety refuge and pontoon walkway to Bowen falls.</li> <li>&gt; Deep Water Basin upgrades, including experience hub, provision for food vendors, kayak landing point, safety refuge and health and safety measures related to separating visitor experience from commercial operations.</li> <li>&gt; Aerodrome upgrade and re-alignment.</li> <li>&gt; Long-term parking, helicopter.</li> </ul>
<b>Corridor</b>	<ul style="list-style-type: none"> <li>&gt; Visitor accommodation and enhanced visitor amenities at Te Huakaue/Knobs Flat.</li> <li>&gt; Significant upgrades to staff accommodation at Kiosk Creek.</li> <li>&gt; New node (Whakatipu Trail Head), new and enhanced walking tracks, improved drinking water, wastewater and electricity services.</li> <li>&gt; Formal park entranceway, new viewing areas, cycleways, bus shelters where required.</li> </ul>
<b>Te Anau</b>	<ul style="list-style-type: none"> <li>&gt; A new “Gateway” visitor experience hub, including a building, short-term parking and landscaping pad, delta walkway.</li> </ul>



Figure 4. Capital expenditure by location and asset type



Source: Milford Opportunities Project Visitation and Financial Modelling



Image: Alistair Mackenzie via Unsplash



## 4.4 Operating costs include estimates for operation of assets that are either owned or leased by an entity, and also include other costs

A break down of operating costs (both cash and non-cash) included in the financial model are presented below, in Table 5.

A total of \$2,517.825m in total operating costs is estimated to be required in order to implement the preferred option.

### Operating cost estimates for the preferred option

#### ASSUMPTIONS:

- > Where ongoing operating cost estimates are not available for certain assets, an estimate of 3.75% of total capital construction costs is used as an estimate for annual operating costs for the assets.
- > Entity operating costs are assumed based on requiring approximately 29 FTE to operate a new management and delivery entity.
- > Debt financing costs are discussed later, in the financing section of this financial case.
- > Depreciation expense is calculated on the basis of estimated useful lives of assets from DOC's estimate of useful lives for assets, available in their asset register.
- > An additional amount of asset re-investment is proposed from cash reserves from the entity, increasing the asset re-investment by at least the rate of inflation.
- > Potential subsequent commercial transactions are calculated in line with the principles associated with Crown acquisition of land and/or services (via Public Works Act 1981 or other process), and the value of the transactions are calculated based on the estimated future cash flows of the concession that is being bought out compared to the date at which the concession expires.

Table 5. Operating cost breakdown

Cost category	Total operating costs
Commercial and Legal Costs to Implement Masterplan	\$31.888m
Piopiota Investment and Delivery Entity Costs	\$697.200m
Piopiota ongoing costs	\$212.761m
Milford Corridor ongoing costs	\$263.225m
Te Anau Gateway ongoing costs	\$35.964m
Crown loan interest expense and principal repayment	\$15.905m
Private financing interest expense and principal repayment	\$239.342m
Debt re-financing <sup>5</sup>	\$47.984m
Depreciation and further assets re-investment costs <sup>6</sup>	\$973.557m
<b>Total operating costs</b>	<b>\$2,517.825m</b>

<sup>5</sup> This represents the costs of paying back the initial repayable Crown loan and re-financing the debt with private finance, once the IVAC is introduced

<sup>6</sup> As noted previously, the financial model includes a further provision in the model for asset re-investment, which reflects the fact that depreciation flows on their own are often insufficient to replace and maintain assets in the future. This increases the amount of proposed funding available for asset upgrades and replacements a further \$394.079m, which is effectively just treated like retained earnings and surplus cash on the entity's balance sheet.



## 4.5 Financing the preferred option

This section outlines the proposed approach to financing the preferred option.

### KEY POINTS

- 1 The timing mismatch before the commencement of the IVAC and the construction of infrastructure is solved through seeking a combination of a fiscally-neutral Crown loan and private financing
- 2 A total of \$99.000m in debt is required to finance the preferred option.
- 3 A total of \$59.000m in a repayable Crown loan is required in FY 25/26 and FY 26/27 before the introduction of the IVAC, which is then fully repaid in FY 27/28.
- 4 Private financing is estimated to be available at an all-in weighted cost of capital rate of +300 bps compared to the government's borrowing rate at the time.
- 5 This level of debt is affordable, and the entity remains at investment grade coverage ratios with debt to revenue at no higher than 0.497 times (or 49.7%), and a debt service coverage ratio (DSCR) at a level no lower than 23.

### THE INTRODUCTION OF THE IVAC PROVIDES A REVENUE STREAM THAT CAN BE SECURITISED AND BORROWED AGAINST

The introduction of IVAC as a levy for Piopiotahi Milford Sound provides a dedicated revenue stream that can be securitised and borrowed against, similar to how revenue from rates is treated in a local government context.

The Project has held initial conversations, at the Board's request, with Crown Infrastructure Partners (CIP) on the attractiveness of this revenue stream to the private market and has also discussed the legislative and regulatory settings that would need to be in place to support access to private financing.

CIP's preliminary view was that the Project is likely to be attractive to lenders given its environmental, economic and social benefits. CIP noted the IVAC revenue stream is expected to be securitisable but has some characteristics that would need to be taken into account in structuring credit enhancement for any Special Purpose Vehicle (SPV) established to raise finance.

In particular, consideration would need to be given to a tailored package of contingent crown support to mitigate tail risk scenarios (e.g., AF8 seismic event or pandemic).

The inherent volatility in the IVAC revenue stream may also result in higher pricing for private finance compared with IFF project benchmarks, however this will also be dependent on the volume of visitation and the attendant revenues that it is expected to generate, terms of borrowing, the timing of this borrowing, and any initial capitalisation requirements of the SPV.

The current financial model presumes private finance would be available at an all-in weighted-average cost of capital (WACC) rate of 300 bps above the prevailing government 20-year bond rate at the time that finance is sought.

The all-in WACC rate is also intended to capture other one-off costs that would be required to access private finance, such as loan origination and other loan fee costs.



The modelling presumes that an IVAC would be legislatively-backed and the legislation would be introduced by FY 27/28, with collection of the IVAC (and access to private finance) available from 1 July 2027.

We anticipate that the structure of this legislation would be set up similar to the Infrastructure Funding and Financing Act 2020, although it is likely that bespoke legislation would be required in this particular instance in order to give effect to the IVAC and to enable borrowing.

In advance of the full implementation of necessary legislation and regulatory change (see Management Case for more detail), the project would require access to a fiscally-neutral Crown loan, which would be fully re-paid

once the IVAC was introduced and private finance was secured. We have modelled an immediate re-payment – equally, the loan could be repaid more slowly, over ten years, and the Crown loan could function as a form of equity for the SPV for a period of time.

Provided that the Crown loan was repaid within ten years, and that an appropriate interest expense/capital charge was paid on the loan, we assess it would have no impact on the Crown's overall capital or operating allowances (hence why it is considered fiscally-neutral although the debits and credits would have impacts on the OBEGAL (operating balance excluding gains and losses) in the years that they were incurred.

An outline of the presumed approach to debt and private finance is included below.

## Financing the preferred option

### ASSUMPTIONS:

- > Borrowing estimated in FY 25/26 and FY 26/27 utilises a fiscally-neutral Crown loan, which the entity would also be required to pay interest expense on.
- > A legislatively-backed IVAC is introduced and able to be collected beginning 1 July 2027.
- > The IVAC revenue is able to be securitised and borrowed against.
- > Private financing rates are available on terms similar to those offered through IFF funding arrangements.
- > The length of the debt terms for private finance is assumed to be thirty-year bonds, and this borrowing is available at rates approximately 100 bps above the Crown's rates of borrowing.

In the financial model, we have estimated the Crown's rate of borrowing as 4.00% and private finance at a rate of 7.00%.

- > To ensure that debt remains within prudent levels, we have capped the maximum debt that can be utilised by the entity at prudent, investment grade borrowing ratios.
- > The two main ratios that we utilise are that Revenue to Interest Expense is above 3.00, and that Debt to Revenue remains below 1.65 (or 165%).

Figure 5. Net Cashflows and Long-Term Debt



Source: Milford Opportunities Project Visitation and Financial Modelling



**IN ORDER TO SECURE PRIVATE FINANCING, IT IS LIKELY THAT THE CROWN WOULD NEED TO PROVIDE SOME FORM OF BACKSTOP FOR SOME TAIL RISKS IN ANY FINANCING AGREEMENTS**

As part of introducing the IVAC and securing access to private financing, it is likely that a tailored package of contingent Crown support would be required in order to make lending attractive to private finance. This type of credit enhancement is common for structured finance projects, such as private finance projects under the IFF.

In particular, some form of guarantee or surety for low-probability, high-cost events would likely be required. We estimate that these backstops would need to apply to two main trigger events:

- > a significant earthquake or natural disaster that led to an extended closure of or limited access to Piopiotahi Milford Sound.

- > a border closure event, similar to that experienced during the COVID-19 pandemic, which significantly curtailed or eliminated the ability for international visitors to visit Piopiotahi Milford Sound.

The form of this backstop would need to be negotiated as part of putting private finance in place. This arrangement could take several potential forms, including a guarantee, cost sharing agreement between central government and the SPV, an initial equity contribution from the Crown to an SPV, or some other form.

The proposed borrowing programme is relatively small compared to other privately financed infrastructure initiatives, and the size of the Crown's exposure to risk is small when considered against the much larger Crown exposure to liability associated with these trigger events. We suggest that this is explored in detail as part of the next stage of the project.



Image: Esther-Grosscurt via Unsplash



## 4.6 IVAC proceeds available for conservation and the environment

This section outlines the approach that the financial model has taken to identifying funds that will be available for further investment in conservation and environment activities.

The preferred option proposes collecting an access charge from international visitors to Piopiotahi Milford Sound to enable them to fund infrastructure that they use and “give back”, consistent with the principles of regenerative tourism, via a ‘Piopiotahi Protection and Restoration Fund’. The Management Case sets

out how this fund enables the protection enhancement and restoration of the natural environment in Fiordland National Park and the Fiordland Marine Area in more detail.

### KEY POINTS

- 1 79% of international visitors support an access fee as proposed in the Masterplan
- 2 There is strong support from international visitors for an access charge, with willingness to pay in the range of \$90-\$110 per person<sup>5</sup>
- 3 Visitors have a strong expectation that fees and charges that they incur are invested into conservation in place, and that their investment is clear and visible in the place that they visit.

<sup>5</sup> International tourists expect to pay a fee to visit UNESCO World Heritage Sites and for National Parks recognising the environmental impact of a visit, however willingness to pay appears to be lower for Australian visitors.

### **THERE IS CURRENTLY LIMITED FUNDING AVAILABLE FOR INVESTMENT IN CONSERVATION AND THE ENVIRONMENT**

The cost of required investment in additional conservation and environmental activities is difficult to estimate from a bottom-up perspective.

The Department of Conservation estimates it spends up to \$9.7 million per annum managing biodiversity and recreational opportunities in Fiordland National Park, which represents around 1.5% of the total appropriation for Vote Conservation to promote and protect New Zealand's natural and cultural heritage and visitor opportunities for conservation purposes in 2024/25.<sup>6</sup>

Approximately \$4.3 million of revenue is generated annually from recreation fees, across Fiordland National Park. This means that the net direct Crown contribution is estimated to be up to \$5.4 million per annum, or up to 0.84% of the funding set aside for the management of conservation lands, despite Fiordland National Park representing 14% of all public conservation land.

### **THE IVAC WILL PROVIDE A NEW REVENUE SOURCE TO INVEST IN CONSERVATION AND ENVIRONMENTAL OUTCOMES**

The purpose of the IVAC is to fund, or contribute to the funding of, investments in infrastructure and related facilities and services to support visitor experience, and the protection, enhancement and restoration of the natural environment.

Eligible expenditure will include projects that:

- > deliver new or upgraded infrastructure and visitor facilities and services in Fiordland National Park (including between Te Anau and Piopiotahi Milford Sound)
- > protect, enhance and restore the natural environment within the Fiordland National Park

Revenue will also be able to be applied activities that:

- > contribute to the effective maintenance, operation and management of visitor infrastructure
- > contribute to the effective associated strategy, planning and management of the area
- > meet Treaty of Waitangi responsibilities set out in the Conservation Act and relevant Treaty settlement legislation

It is expected that investing a portion of the IVAC's revenue in protecting, restoring and enhancing the natural environment within Fiordland National Park will not duplicate the Department of Conservation's current work as the current level of investment from the Department in the region is very small, and insufficient to achieve the desired biodiversity and conservation outcomes.

For purposes of modelling, we have treated the funds available for conservation and environmental investment as the funds remaining to be invested once other costs have been met.

Nonetheless, we have applied the following principles to the allocation of funding to conservation and the environment, which is that a level of investment in conservation and environment is committed from the outset and that the overall allocation of investment should be approximately 50% of revenue gathered.

Under this approach, we estimate that more than \$114m is available to invest in conservation, biodiversity and the marine environment over the first ten years, and \$4.754b available over 50 years (52% of the revenue gathered through the IVAC).

If revenue generated significantly outstrips worthy activity over a sustained period of time, then the level of IVAC could be reduced at a future point in time.

The additional revenue is likely to have a large impact on the ability to undertake conservation

<sup>6</sup> Based on figures provided by the Department of Conservation and appropriations estimates released for Budget 2024 available at <https://budget.govt.nz/budget/pdfs/estimates/v8/est24-v8-conser.pdf>



and environmental projects within the region.  
The mechanics of how the funding will be

managed and distributed are set out in the  
Management Case.



Image: Timo Vots via Unsplash



## 4.7 Sensitivity testing

This section outlines the key sensitivities that we have applied to the financial forecasts, as a means of further testing their robustness and the ability of the Project to be self-funding.

### KEY POINTS

- 1 The levy being set at \$75 for Option 4, rather than \$100 would push the option towards the upper end of debt ratings, and would reduce the amount of funding available for conservation and the environment by nearly \$2b
- 2 The effect of a black swan event, such as the closure of the border, could result in \$239m less revenue, representing a reduction of 2.6% in total
- 3 Capital construction costs being 50% more expensive than currently estimated, noting that the construction costs already have a range of contingencies included within them



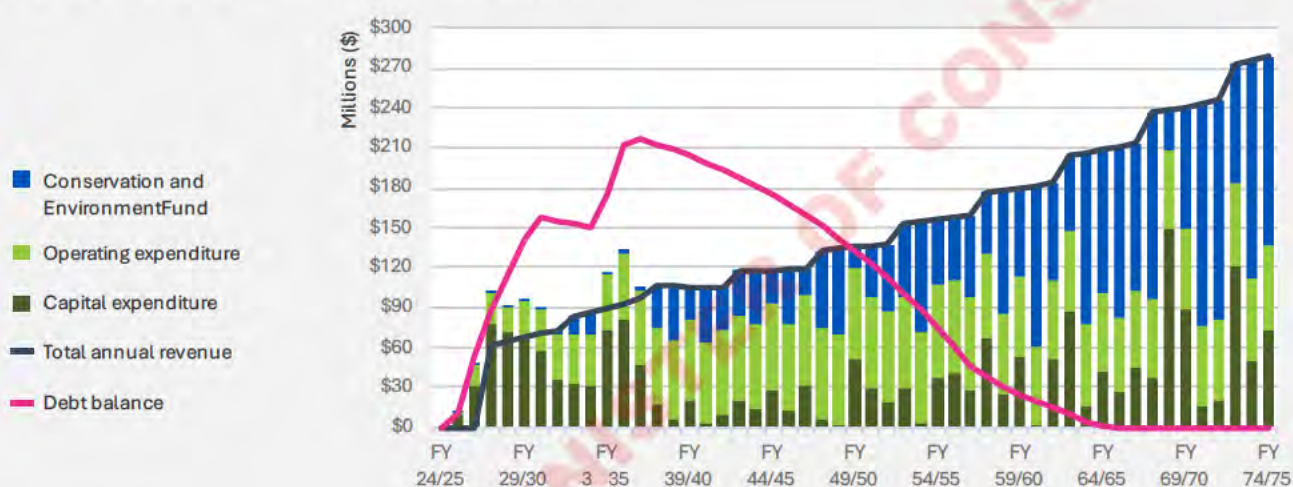
#### REDUCING THE IVAC TO \$75 IN OPTION 4 REDUCES THE AMOUNT OF FUNDING AVAILABLE FOR CONSERVATION AND THE ENVIRONMENT BY NEARLY \$2B

We considered whether the IVAC should be set at \$75 instead of \$100. Although this is affordable, this reduces the amount of funding that could be invested in conservation and environment activities by nearly \$2b and would direct only 37% of the funding to conservation and the environment, compared to 52% when the IVAC is set at \$100.

In addition, the overall profile of this option is substantially riskier from a financing perspective, as it would require significantly higher levels of debt in order to afford the range of investments. A visual representation of the cashflows generated under this scenario is included below, Figure 6.

Under this scenario, debt tops out at around \$215m, as opposed to only \$99m under a scenario with the IVAC set at \$100.

Figure 6. Cashflow forecast for Option 4 with IVAC at \$75



Source: Milford Opportunities Project Visitation and Financial Modelling

#### IF CAPITAL CONSTRUCTION WERE 50% HIGHER THAN FORECAST, THE ENTITY WOULD NEED TO RE-SEQUENCE THE IMPLEMENTATION TIMEFRAME TO MAKE OPTION 4 AFFORDABLE, OR DE-SCOPE SOME INVESTMENTS

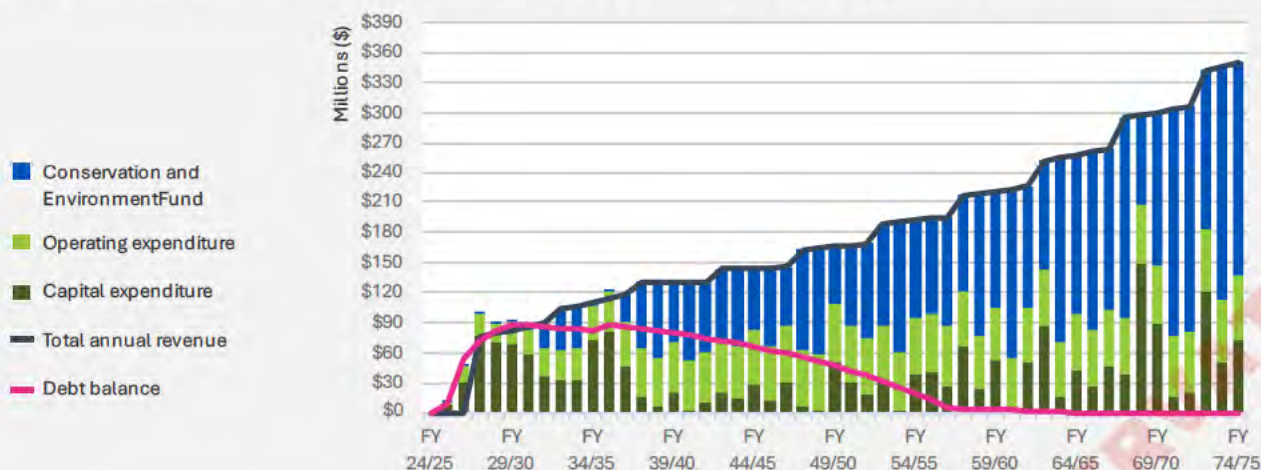
In a scenario where capital construction would be 50% higher than forecast, this would reduce the amount of funding available for conservation and the environment by \$600m, and effectively wipe out any funding available for conservation and the environment in the first ten years of the project.

In addition to this, the proposed spend and associated debt requirements would mean that the project would breach investment grade thresholds, with a maximum debt-to-revenue ratio of 1.542 (154.2% of revenues) and a gearing ratio regularly over the 80% level suggested as prudent.

In this instance, it is highly likely that some works would need to be deferred compared to the preferred implementation plan identified in the Management Case in order to make this scenario affordable, or some works would need to be de-scoped. A summary of this cashflow forecast is included below.



Figure 7. Cashflow forecasts for Option 4 with IVAC at \$100 and 50% higher capital expenditure



Source: Milford Opportunities Project Visitation and Financial Modelling

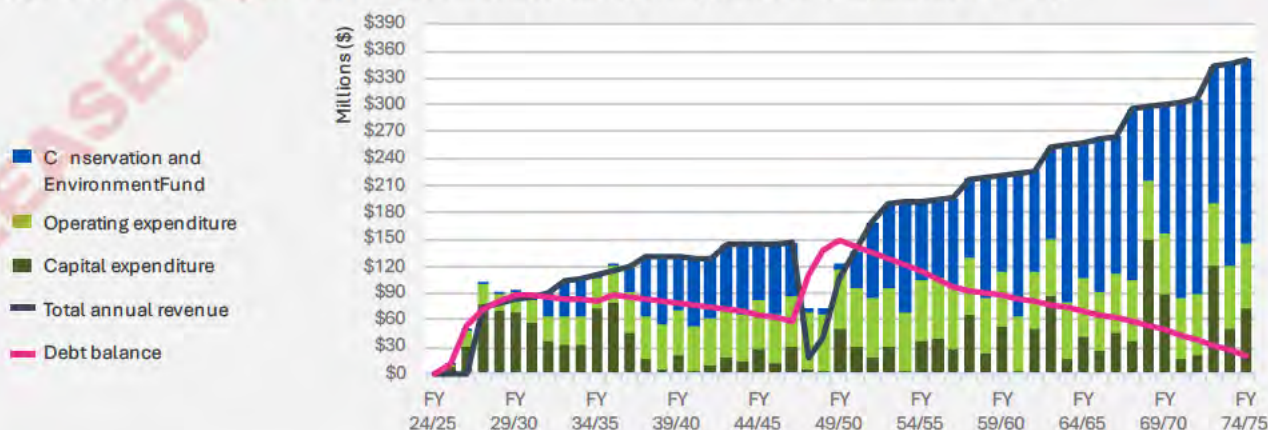
**A BLACK SWAN EVENT, SUCH AS THE CLOSURE OF THE BORDER OR A SIGNIFICANT REDUCTION IN VISITORS FOR AN EXTENDED PERIOD OF TIME, WOULD REDUCE REVENUE BY \$255M, BUT INDICATIONS ARE THAT SUCH AN EVENT WOULD STILL BE AFFORDABLE**

We have also modelled the impact of a significant decline in visitation to Piopioahi Milford Sound, such as that experienced during the border closures as part of the COVID-19 pandemic. In this instance, we presume that visitation is effectively zero for a year, and then slowly recovers, in line with the post-COVID experience. We modelled this event occurring twenty years from the introduction of the levy, with a gradual recovery of visitors, similar to the

recovery experienced following the border closures in 2020 and 2021.

Although this reduces revenue by \$255m compared to the base scenario, and it requires some additional equity or debt financing (and utilises all of the spare cash available on the entity's balance sheet), the modelling shows that, provided a backstop of about \$90m is provided, the entity would recover reasonably quickly from such an event. However, in this instance, it is likely that the equity contribution would need to come from the Crown to provide some form of backstop or support to the entity, in the form of an equity injection or repayable finance, in order for it to continue operating during the closure. A summary of this scenario is included below.

Figure 8. Cashflow forecast with a black swan event occurring twenty years from introduction of the levy



Source: Milford Opportunities Project Visitation and Financial Modelling



# Appendix 4.1: Commercial funding and institutional arrangements – infrastructure funding and financing (IFF) Act 2020

## ELIGIBLE INFRASTRUCTURE

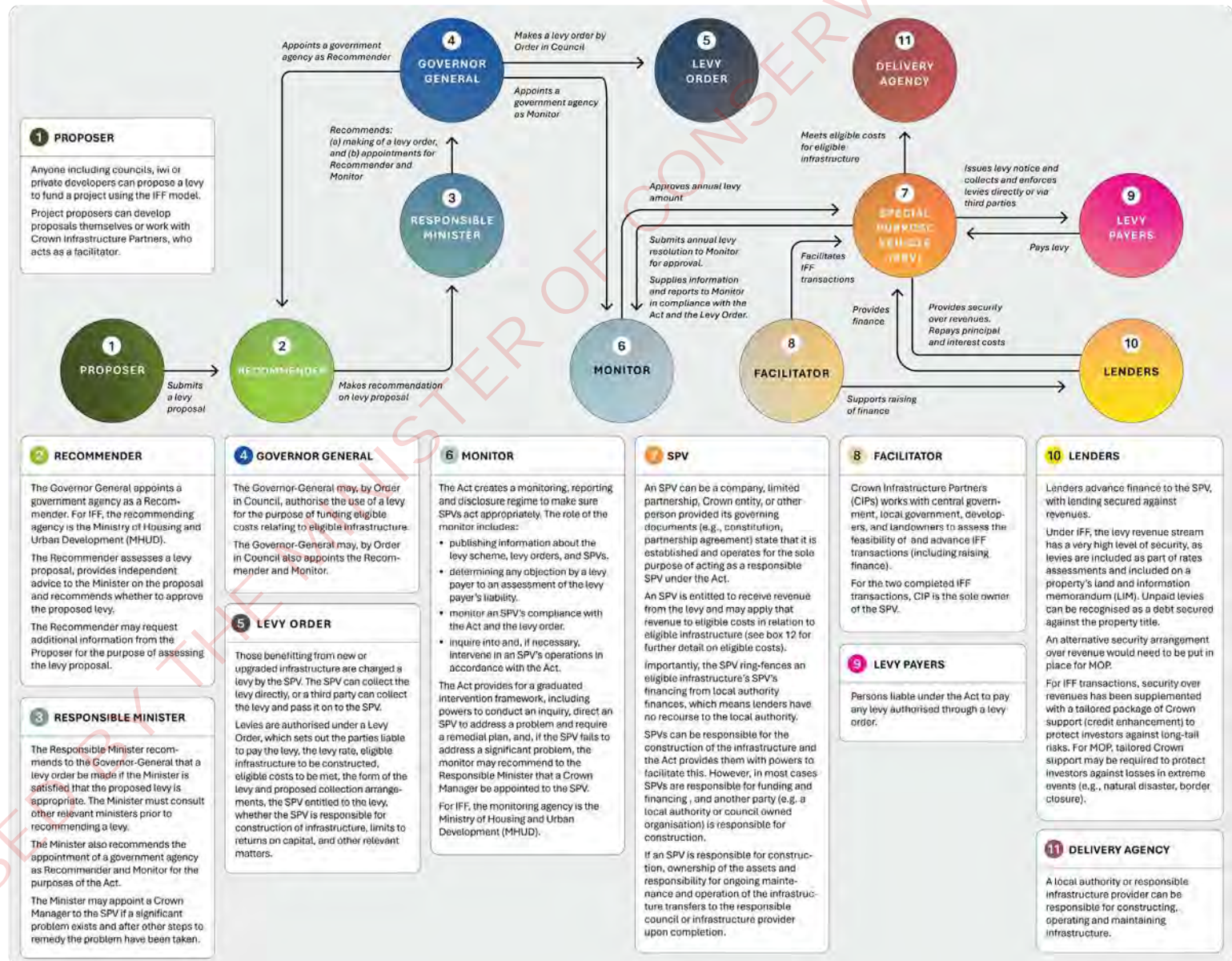
Eligible infrastructure, for the purposes of the IFF Act, includes:

- Water services infrastructure
- Transport infrastructure
- Community infrastructure or community facilities, or
- Environmental resilience infrastructure.

## ELIGIBLE COSTS

Eligible costs can include:

- **construction costs**, including:
  - a. **establishment costs** (i.e., costs incurred in the establishment of a responsible SPV; acquiring and preparing land, planning and procurement of construction work).
  - b. **construction costs** (i.e., direct construction costs, insurance, and project contingency costs incurred).
  - c. **costs incurred in operating, repairing, and maintaining eligible infrastructure** after it is constructed and before it is vested in the ultimate owner.
- **financing costs** (i.e., principal and interest costs on any borrowing, and return on capital invested in SPV)
- **levy administration cost** (i.e., costs of assessing and collecting a levy, costs incurred in recovering unpaid levies; and costs incurred by the Recommender, Monitor, or a Crown Manager in performing functions and exercising powers under the Act).
- **any other costs** incurred by the SPV in complying with the Act or the Levy Order; and
- **operating costs.**



## Appendix 4.2: Funding & Financing Model Outline and Assumptions

The Annex is to document the key assumptions that underpin the financial model cost projections, and presents a range of options in how key cost information is forecast in the cost model.

### THIS ANNEX DESCRIBES:

1. The model's overall structure and layout
2. The model's inputs and data sources, including the assumptions that are used to develop the model's inputs and data sources
3. Calculations that are used in the model to support analysis and outputs used in both the model and the business case analysis
4. The outputs of the model, and sample tables that represent these outputs from the financial model, and
5. Scenarios and sensitivities that are able to be utilised within the financial and commercial model to support scenario and sensitivity testing, both for analysis and as part of the business case.



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## What the model is

The model has primarily been developed as a decision-support tool for the Milford Opportunities Project to:

- Identify – at a high-level – the overall affordability of a particular business case option and combination of IVAC and assets proposed for investment
- Conduct a range of scenario and what-if testing on various ownership structures, visitation scenarios, and IVAC settings
- Function as a decision-support tool for the Board and Ministers to analyse options included in the business case.

In most instances, the cost and revenue estimates are incremental, and the NPV analysis included in the business case is incremental as well. This is generally how business case costs, benefits and NPVs are presented.

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## What the model is not

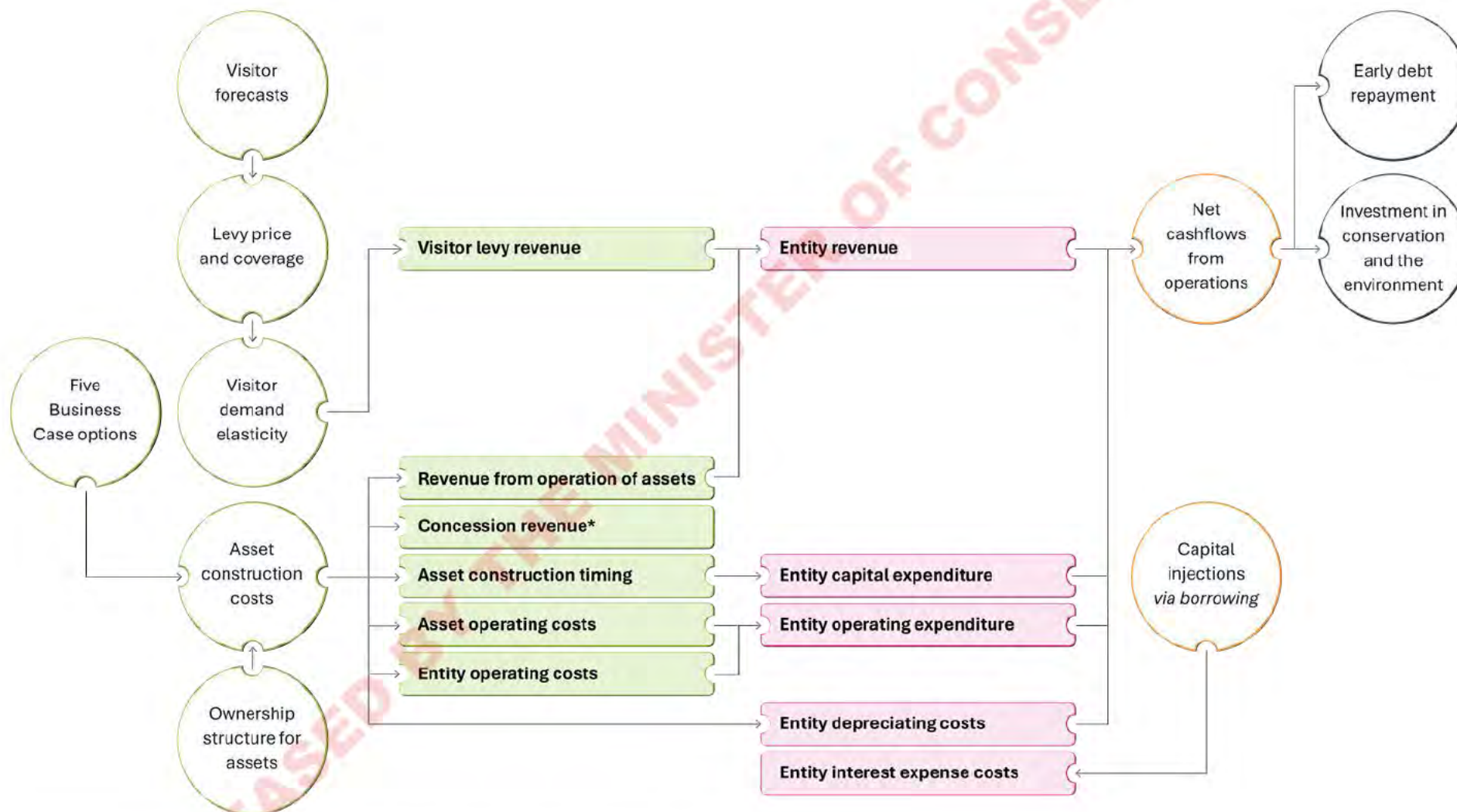
The model is necessarily assumptive. The model makes a range of assumptions, which may or may not come to pass. In addition, as noted above, because the model is incremental, the model itself isn't intended to be a presentation of the actual balance sheet of any new entity.

Because decisions on asset ownership and operation have also not yet been made, the model is not intending to make a determination on asset ownership and operation – rather, it is intending to display a range of plausible ownership and operation scenarios, and then determine if the introduction of an IVAC based on current visitation forecasts would be sufficient to make the proposal self-funding.

## Structure of the model

Figure 9 below outlines the main inputs, outputs, and overall structure of the model

**Figure 9. Visual representation of model**



\* Although the model calculates concession revenue, this concession revenue is presumed to be revenue for DOC



## Inputs to the model

The main inputs that are selectable in the model are outlined below, in Table 6.

**Table 6. Inputs that are selectable in the model**

Input	Categories	Description
<b>Business Case Option</b>	<ol style="list-style-type: none"> <li>1. Incremental improvements on the status quo.</li> <li>2. Focussed Infrastructure Investment – modest IVAC.</li> <li>3. Enhanced Visitor Experience with IVAC.</li> <li>4. World-Class Visitor and Conservation Experience– with IVAC.</li> <li>5. Pristine and Reduced Use – with IVAC.</li> </ol>	<p>There are five business case scenarios that can be selected. Each business case scenario has a mapping of assets to them completed on the tab named “Business Case Options”, which identifies whether assets are included in the particular business case option.</p>
<b>Visitor forecasts</b>	<ol style="list-style-type: none"> <li>1. <b>Scenario 1</b> Visitation is capped at 1.0m visitors per annum (meaning visitation cannot grow higher than 1.0m visitors per annum under this Scenario).</li> <li>2. <b>Scenario 2:</b> This scenario presumes a nominal reduction in peak demand through managing scheduling through concessions, with some tactical asset upgrades along the corridor.</li> <li>3. <b>Scenario 3:</b> Allows for a more aggressive reduction in peak demand through modification of concessions and active monitoring/oversight by DOC. <ol style="list-style-type: none"> <li>a Presence of accommodation along the corridor shifts portions of demand at Milford Sound to early/late portion of the day.</li> <li>b There are A and B options modelled for visitation – the A option presumes a \$50 IVAC, the B option presumes a \$75 IVAC</li> </ol> </li> <li>4. <b>Scenario 4:</b> Visitation forecasts based on a reduction in carparking of 60% and introduction of a parking permit system. Significant mode shift towards coaches. <ol style="list-style-type: none"> <li>a A, B and C scenarios – A represents a \$100 IVAC, B represents a \$75 IVAC and C a \$65 IVAC.</li> </ol> </li> <li>5. <b>Scenario 5:</b> Bans international visitors from driving to Piopiotahi Milford Sound, and requires car-parking permits for New Zealanders. <ol style="list-style-type: none"> <li>a 80% reduction in carparking and introduction of a permit system. \$150 IVAC for internationals.</li> </ol> </li> </ol>	<p>Infometrics has provided us with the scenarios outlined at left. These visitor scenarios are based on inbound tourism arrivals to New Zealand, and assume a proportion of arrivals to Piopiotahi Milford Sound.</p> <p>Each scenario is aligned to the business case option number, and accounts for differences in price, assets, and policy choices that are proposed to be implemented as a result of that business case option.</p> <p>The 1.0m per annum passenger cap in Options 1 and 2 is a result of infrastructure, timing, and capacity constraints that exist with the status quo, and has been arrived at in discussions with current operators.</p> <p>The modelling also includes an attrition rate of 50% for those that are forced to mode shift from car to coach as a result of the reduction in available car-parks.</p> <p>These visitor forecasts cover land-based visitors that primarily arrive to take a short cruise. Infometrics have also provided us with forecast visitor numbers on open-ocean cruise ships.</p> <p>Walker visitation forecasts that would be captured from the IVAC, come from other sources. These are described later, in the assumptions section.</p>
<b>Dynamic Pricing Variations</b>	<ol style="list-style-type: none"> <li>1. Peak period (Dec-Mar)</li> <li>2. Shoulder period (Oct-Nov, Apr-May)</li> <li>3. Off-peak (Jun-Sep)</li> </ol>	<p>The model has the ability to reduce the IVAC charged to visitors depending on the time of year of their arrival.</p> <p>At present, the price is set to the same (so there is no differentiation in the model), but it has the ability to vary pricing if needed and so desired.</p>



Input	Categories	Description
<b>Assets proposed to be constructed</b>	Individual assets included in the “Construction Cashflow” tab – see Annex for details on these individual assets.	<p>Individual assets proposed for construction or use are line-item inclusions in a Construction Cashflow tab, and were originally provided by Stantec, and later refined cost estimates for many of these estimates were provided by WSP.</p> <p>Some assets proposed for development have arisen from the update to the spatial plan proposals, and were not costed by WSP or Stantec. These assets have generally been point estimated by other consulting firms or used reference examples from existing Department of Conservation projects.</p>
<b>Asset construction costs</b>	<p>Cost estimates for infrastructure assets have been provided by Stantec and were updated by WSP as part of the following document: 1. Milford Opportunity Cost estimates v5 20201130_no photos.xlsx</p> <p>Updated cost estimates have been provided by WSP as part of the feasibility report in the following document: Stage 2 Estimation_REV C.</p> <p>Some asset costs do not come from these documents. Instead:</p> <p>Walking and Cycling Track estimates come from Southern Land, in the Walking &amp; Cycling Feasibility Report FINAL</p> <p>Aerodrome re-development costs come from CPM, in CPM 23-062 Report 02 FINAL 20.11.2023.pdf<sup>7</sup></p> <p>Bus operations, park and ride facilities and bus operating costs come from the BECA Transport Report BECA DRAFT Concept Design Report MOP Comments.pdf</p> <p>A separate peer review of some of the Stantec and WSP cost estimation methodology was also completed by ALTA Consulting.</p>	<p>Asset construction costs have been provided by a range of external consultancy firms and individuals, including Stantec, WSP, Southern Land, and CPM.</p> <p>A peer review on the cost estimation methodologies by each of the consulting firms was also undertaken by Alta Consulting, to provide advice on the cost build-ups to the project team.</p>
<b>Asset ownership structure</b>	<ol style="list-style-type: none"> <li>1. Build, Own and Operate (BOO)</li> <li>2. Lease-back</li> <li>3. Partnership</li> <li>4. Right to Operate</li> <li>5. Private Ownership</li> <li>6. Capital contribution</li> </ol>	<p>For each asset included in the financial model, these assets can be allocated to different funding, financing and ownership structures.</p> <p>The result of this is that some or all of both capital and operating expenditure for these assets can be on or off the balance sheet of the proposed entity/SPV.</p>
<b>Asset ownership categories</b>	<ol style="list-style-type: none"> <li>1. SPV-Owned</li> <li>2. Most Likely</li> </ol>	For each business case option, because specific procurement activities and market soundings have not been completed, we have created scenarios for asset ownership and

<sup>7</sup> Aerodrome removal and demolition costs still come from the WSP estimates, for the option where the aerodrome is removed and demolished.



Input	Categories	Description
	3. Private Market	<p>operation that are presented as a range, utilising these ownership categories.</p> <p>The 'high-cost' range would be a scenario where the SPV or entity would own or operate the vast majority of assets proposed for construction; the 'low-cost' range would be the private market option, where more assets were constructed and operated by the private sector (including through partnerships)</p> <p>The 'most-likely' scenario represents the option that we would consider the most likely to eventuate under a particular business case option, considering the characteristics of the assets proposed to be developed, as well as the creation or expiration of concession arrangements for similar reliable assets.</p>

## Assumptions utilised

Table 7 below outlines the assumptions that have been utilised to develop data included in the model, and the

source document or information that has driven the utilisation of this assumption.

Where we have received multiple assumptions for the same input, the table below outlines if we have used a

fixed assumption, or provided the ability to select a scenario that utilises multiple cost estimates and assumptions.

**Table 7. List of assumptions used in the model**

Assumption	Description and Scenarios (if any)	Source document for assumption
<b>Start year for the model</b>	FY 24/25	This assumption has been made by the Project.
<b>Baseline year for introduction of the IVAC</b>	FY 27/28	This timeframe has been selected by the Project, in line with the implementation plan. It presumes a roughly 2.5 year lead-in time to introduce legislation and make associated policy and legislative changes.
<b>IVAC rate utilised for main forecasts in the financial case</b>	The IVAC rate utilised for the financial case forecasts included in the main body of the financial case is \$100 per international visitor, and \$50 for children 14 and under. Sensitivities that show the affordability and impact of the range of rates as presented in the economic case (\$75 - \$100) is included in the sensitivity section.	This was confirmed by the Ministerial Advisory Group.
<b>CPI (general) inflation rates</b>	The inflation rate utilised in the financial model.	The inflation rates used for non-construction come from the NZ Treasury's BEFU 2024 forecasts for inflation over the fiscal forecast period (FY 24/25 – FY 27/28). Inflation is then estimated at the FY 27/28 rate out in the future in the model.
<b>Construction inflation rates</b>	The inflation rates attached to capital asset construction in the model.	The inflation rates used for asset construction escalations come from a RLB Construction Inflation Forecast, named RLB-Forecast-Report-105-2.

Assumption	Description and Scenarios (if any)	Source document for assumption
<b>Economic lives/depreciation of assets</b>	The depreciation rates that are used for the assets that feature in the model.	Depreciation rates come from the Department of Conservation's Capital Expenditure and Fixed Assets Manual.  Where one asset involves multiple depreciable components, the rate for the most financially significant component has been utilised.
<b>Visitor elasticity</b>	<ul style="list-style-type: none"> <li>&gt; -0.44 for non-Australian international visitors.</li> <li>&gt; -0.58 for Australian international visitors.</li> </ul>	<p>The elasticity parameter of -0.44 for non-Australian international visitors is based on a review of international literature, benchmarking of existing prices for Milford Sound Piopiotahi against other popular attractions in New Zealand, and the iconic status of the area within NZ tourism. It comes from the <a href="#">Stage 2 Tourism Report</a>.</p> <p>Australian higher price-elasticity is a result of the Project receiving information from the <a href="#">Kantar research survey</a> which showed a lower willingness to pay, and informed by a literature review and case-studies of other national parks.</p>
<b>Base price used to assess demand elasticity</b>	Infometrics uses an average daily spend of \$225 as the base figure upon which to estimate the elasticity of demand.	In order to assess the elasticity of demand, we consider the current average base cost that visitors incur in order to visit Milford Sound Piopiotahi.
<b>Proposed mode of arrival for visitors in the future</b>	<p>This differs depending on the business case option as a result of policy decisions and assets constructed.</p> <ol style="list-style-type: none"> <li><b>Incremental improvements on the status quo</b> <ul style="list-style-type: none"> <li>&gt; 6.9% of visitors fly in</li> <li>&gt; 50.7% utilise a tour bus</li> <li>&gt; 42.4% self-drive</li> </ul> </li> <li><b>Focused Infrastructure Investment</b> <ul style="list-style-type: none"> <li>&gt; 6.9% of visitors fly in</li> <li>&gt; 50.7% utilise a tour bus</li> <li>&gt; 42.4% self-drive</li> </ul> </li> <li><b>Enhanced Visitor Experience with IVAC</b> <ul style="list-style-type: none"> <li>&gt; 6.0% of visitors fly in</li> <li>&gt; 37.4% utilise a tour bus</li> <li>&gt; 25.0% self-drive</li> <li>&gt; 31.6% utilise other transport operators available from Te Anau once fully available</li> </ul> </li> <li><b>World-Class Conservation Experience – with IVAC</b> <ul style="list-style-type: none"> <li>&gt; 6.3% of visitors fly in</li> <li>&gt; 41.2% utilise a tour bus</li> </ul> </li> </ol>	<p>The aerodrome visitors and arrival percentage is described below.</p> <p>Note that these percentages represent the average annual amounts in the model, as the percentages vary on a year-by-year basis as changes are introduced.</p> <p>We have developed a phase-in period to transition to these new proportions, taking a total of three years, resulting in a gradual shift from self-drive to taking a tour-bus or utilising other transport operators.</p>
<b>Proposed mode of arrival for visitors in the future</b>	<ol style="list-style-type: none"> <li><b>Incremental improvements on the status quo</b> <ul style="list-style-type: none"> <li>&gt; 6.9% of visitors fly in</li> <li>&gt; 50.7% utilise a tour bus</li> <li>&gt; 42.4% self-drive</li> </ul> </li> <li><b>Focused Infrastructure Investment</b> <ul style="list-style-type: none"> <li>&gt; 6.9% of visitors fly in</li> <li>&gt; 50.7% utilise a tour bus</li> <li>&gt; 42.4% self-drive</li> </ul> </li> <li><b>Enhanced Visitor Experience with IVAC</b> <ul style="list-style-type: none"> <li>&gt; 6.0% of visitors fly in</li> <li>&gt; 37.4% utilise a tour bus</li> <li>&gt; 25.0% self-drive</li> <li>&gt; 31.6% utilise other transport operators available from Te Anau once fully available</li> </ul> </li> <li><b>World-Class Conservation Experience – with IVAC</b> <ul style="list-style-type: none"> <li>&gt; 6.3% of visitors fly in</li> <li>&gt; 41.2% utilise a tour bus</li> </ul> </li> </ol>	



Assumption	Description and Scenarios (if any)	Source document for assumption
	<ul style="list-style-type: none"> <li>&gt; 17.3% self-drive</li> <li>&gt; 35.2% utilise other transport operators available from Te Anau once fully available</li> </ul> <p><b>5. Pristine and Reduced Use – with IVAC</b></p> <ul style="list-style-type: none"> <li>&gt; 7.7% of visitors fly in</li> <li>&gt; 45.0% of visitors utilise a tour bus</li> <li>&gt; 39.0% of visitors utilise other transport operators available from Te Anau once fully available</li> <li>&gt; 8.3% of visitors will self-drive, and 100% of these visitors are New Zealanders</li> </ul>	
<b>Current mode of arrival for visitors</b>	<p>5.0% of visitors fly in</p> <p>47.5% of visitors take a coach</p> <p>47.5% of visitors self-drive</p>	<p>These figures come from the Stage 2 tourism report, Paras 2.19 – 2.21 refer.</p> <p>Because Paragraph 2.21 and Table 1 includes proportions only of land-based visitors, we made the following changes to the data:</p> <ul style="list-style-type: none"> <li>&gt; Presumed that campervans should be included in self-drive (so 50 – 50 coach, self-drive split).</li> <li>&gt; Then applied a ratio against air arrivals and arrived at the 47.5% / 47.5% figure.</li> </ul>
<b>Cruise ship visitors to Milford Sound</b>	<p>The same composition of international and domestic visitor has been assumed, and adult and children, as per land-based visitors to Piopiotahi Milford Sound. Open-ocean cruise visitors are projected to grow at the same rate as international visitor arrivals to New Zealand, until the access charge curbs its demand and the proposed gradual reduction in the number of large cruise-ship arrivals takes effect from 2038.</p> <p>This is in line with the current policy proposed from the Ministerial Advisory Board to retain Cruise access in the short to medium-term, and consider further management approaches from 2037 onwards.</p> <p>For modelling purposes, we have interpreted this as reducing cruise ship passenger volumes by 10% per annum beginning in 2038, until the only remaining cruise ship volumes are those that would arrive on smaller, expedition-style ships. This results in cruise passenger volume dropping from a high of 316,761 per annum in FY 36/37 to a low of 26,012 in FY 60/61.</p> <p>Actual changes will be subject to future decision making by the proposed Piopiotahi Investment and Delivery Entity, with Environment Southland.</p>	<p>The base data comes from Infometrics' visitation forecasts. The adjustment has been made by the project team on direction from the Ministerial Advisory Board.</p>



Assumption	Description and Scenarios (if any)	Source document for assumption
<b>Walker volumes that would be liable to pay the IVAC</b>	It is assumed that all walkers entering the new Piopiotahi Special Amenities Area would be liable to pay the IVAC (primarily originating from the Milford, Routeburn and Hollyford tracks), and that they are included in the overall visitation figures that have been provided by Infometrics.	Although we can obtain reasonably accurate rate volumes for walkers on these three tracks (with the possible exception of the Hollyford), we have made the assumption that these visitors are also included in Infometrics' visitation forecasts, so have included no incremental volume estimates to account for walkers that are considered in scope of the IVAC.
<b>Debt sources</b>	Commercial debt is calculated at a rate that is +300 bps above the prevailing government borrowing rate, and is calculated as an all-in WACC (weighted average cost of capital)  Government debt presumed at AA+, and the borrowing rate for government debt is +200 bps above the forecast inflation rate at the time.	These assumptions are suggestions provided by MAFIC Advisors as part of a peer review on the proposed funding & financing structures outlined in the financial case
<b>Debt terms</b>	Government/Crown debt is structured as a repayable loan (with interest costs) over 10 years.  Commercial debt is assumed to be accessed at rates that are between IFF and PPP-style financing, with the presumption that finance could be 'rolled-over' and be financed on a regular basis.  The all-in WACC rate above includes an allowance for the re-financing costs associated with these transactions.	These assumptions have been made by the Project team, following on from a peer review of the proposed financing structures by MAFIC Advisors.  The 10-year term for Crown debt is so that it is considered fiscally neutral (i.e., it does not count against the Capital allowance, although it would count against OBEGAL in the years in which the debits and credits are incurred by the Crown).
<b>Debt ratios</b>	Maintains debt at >3.00 EBIT to interest expense ratio  Maintains debt to revenue ratio at <1.25 times  Gearing ratio averages less than 80%	These estimates come from the Project team, are roughly aligned with investment grade credit worthiness characteristics for an entity and follow advice from a peer review of the proposed financing structure by MAFIC Advisors.
<b>Ongoing operating costs for assets</b>	Some assets have estimated annual operating costs, which have been provided, and we have included.  Where estimated operating costs do not exist, we have utilised 3.75% of total capital construction costs per annum to estimate annual running, operating and maintenance costs for the assets.	The estimate for the aerodrome's annual operating costs comes from MOT.  The estimate for the operating costs for buses for other transport operators comes from BECA.  The 3.75% estimate comes from the Project team and should be considered an early placeholder to estimate operating costs.
<b>Building lease costs</b>	5.5% of capital construction costs	In the instance where a lease-back is proposed or the entity leases an asset, this is the amount of expense/revenue that is earned per annum for the asset.
<b>Revenue margin</b>	5% of capital construction costs	An estimate on the revenue that is earned for each asset that is owned and operated by the entity.  This effectively presumes that the revenue margin earned is 0% on an NPV-



Assumption	Description and Scenarios (if any)	Source document for assumption
		<p>basis, as the margin matches the discount rate for the assets that are constructed.</p> <p>It is possible that this is a conservative estimate, as it effectively implies that revenue-earning assets owned and operated by the entity would not generate a profit.</p>
Concession revenue rate	7.50% of capital construction costs	An estimate of the amount of concession revenue earned from assets that would be operated by third parties. This estimate is based on a review of actual concession revenue and margins, which are between 3 and 10%, depending on the concession arrangement.
Capital percentage of implementation costs	100%	At the moment, implementation costs are presumed to all be capital expenditure.
Annual concession revenue	\$4.246m	<p>This information comes from DOC on concession revenue that has been earned in Milford Sound/FNP to in FY 23/24 to date.</p> <p>This data was collected in December 2023, so may represent an undercount on actual revenue earned in FY 23/24.</p>
Capital cost of a bus	\$660,000	In the instance where buses are proposed to be purchased, this is the cost used per purchase of a bus. This figure comes from the BECA report.
Annual lease cost of a bus	\$66,000	This figure is estimated based on the capital cost and the useful life of the bus fleet, so estimates that the leasing cost would be equal to 1/10 of the capital cost per annum.
Annual operating cost per bus	\$407,711	This figure comes from the BECA report.
Average Bus Fare ex Te Anau	\$60	This estimate has been calculated by the Unit, but is based on a pro-rata km estimate of the average bus fare, and comes from the BECA report.

Assumption	Description and Scenarios (if any)	Source document for assumption					
Concession revenue per visitor from other transport operators that would operate from Te Anau	\$5	The amount of additional concession revenue that would be earned through activity fees per park & ride pax					
Small and Medium T-Shirt scaling for certain assets	60% for small 80% for medium	Some assets have small footprints or sizes indicated but have not yet completed an update concept design.  In these instances we simply scale the capital costs according to the ratios at left, based on the full cost estimate provided by WSP.					
Capital asset construction timing	See information included below, in Appendix 1.	Capital construction asset timing is indicated with the assets in Appendix 1.					
Is the aerodrome's apron moved to the south, and is the taxiway flipped?	Yes	This is in line with the board's request, and the cost estimates for this come from the CPM report referenced earlier.					
How often is the IVAC rate reviewed?	Every five years.	This is estimated by the Unit. The review results in the rate being increased to 'catch-up' with inflation.					
Infrastructure cost estimates and cost build-up	Most of the infrastructure costs estimated for construction of assets have been provided by WSP, except for the exclusions outlined above.						
Contingency	<p>A total of \$94.062m in contingency has been added to base estimates for construction of assets, as well as \$ 06.620m in escalations, against base estimates of \$365.793m in construction costs provided by the various engineering and consulting firms.</p> <p>The contingency estimate represents a 26% contingency against the base cost estimates provided by firms.</p> <p>A summary of this is included below, in Table 8.</p> <p><b>Table 8. Contingency and Escalation figures</b></p> <table><tr><th>Category</th><th>Base Cost</th><th>Contingency</th><th>Total Cost</th><th>Contingency as a % of cost</th></tr></table>	Category	Base Cost	Contingency	Total Cost	Contingency as a % of cost	<p>This information comes from a range of source documents provided by consulting firms, including WSP, CPM and Southern Land.</p> <p>The project-wide contingency was developed as part of a facilitated QRA exercise, in an attempt to cost risks that had not been captured by other contingency allocation approaches conducted by the various engineering and consulting firms.</p> <p>For escalation costs, a cost escalation figure has been applied to estimates to construct, as the costs provided by the various engineering and consulting firms are in today's (2024) dollars, and many assets will be constructed in the future, in line with the implementation timeframe outlined in the Management Case.</p>
Category	Base Cost	Contingency	Total Cost	Contingency as a % of cost			



Assumption	Description and Scenarios (if any)					Source document for assumption
	<b>Southern Land – Walking &amp; Cycling Tracks</b>	\$42.026m	\$13.271m	\$55.298m	24%	Costs are escalated according to an annual construction cost escalation figures provided by RLB's Construction Inflation Forecast Report, <a href="#">RLB-Forecast-Report-105-2</a> .
	<b>CPM – Aerodrome</b>	\$31.714m	\$9.667m	\$41.381m	23%	
	<b>WSP – Most other assets</b>	\$112.665m	\$50.569m	\$163.234m	31%	
	<b>Assets with no initial contingency figures provided<sup>a</sup></b>	\$179.387m	\$20.555m	\$199.942m	11%	
	<b>Total Costs (un escalated)</b>	<b>\$365.793m</b>	<b>\$94.062m</b>	<b>\$459.855m</b>	<b>26%</b>	
	<b>Escalation</b>	-	\$106.620m	\$566.475m	3%	
	<b>Total costs (including escalation and contingency)</b>	<b>\$365.793m</b>	<b>\$200.682m</b>	<b>\$566.475m</b>	<b>55%</b>	
<b>Depreciation and asset re-investment</b>	<p>In addition to setting aside depreciation, the project team has also forecast significant asset re-investment cycles, which are above the depreciation expense set aside for the assets. This is because depreciation expense is usually insufficient to replace assets at the time of their replacement, as the assets require funding to the level that represents an increase in inflation on the asset, which is not captured with the depreciation expense.</p> <p>The financial model has an allowance for \$485.564m of depreciation expense for the initial assets proposed to be developed, and a secondary depreciation allowance of \$487.992m, to account for depreciation expense for replacement assets that are replaced over the 50-year forecast period.</p> <p>In addition to this, the model includes an additional \$2,101.811m in capital asset reinvestment and replacement that is funded through cash available on the entity's</p>					These estimates have been developed by the project team.

<sup>a</sup> Some costings were provided by the Unit with no contingency figures included. To account for this, we ran a facilitated QRA workshop to identify cost ranges and the likely amounts of contingencies that should be set aside for these assets.

Assumption	Description and Scenarios (if any)	Source document for assumption
	<p>balance sheet. This ensures that assets are adequately maintained and replaced at the end of their useful life, and that increases in construction inflation are assumed as part of replacing the assets.</p> <p>This represents an amount that is \$1,128.254m above simply accounting for depreciation expense on the assets. This approach would ensure that the assets are suitably maintained and can afford to be replaced in practice.</p>	



## Appendix 4.3: Individual assets included in Option 4

Table 9. Assets Included in Business Case Scenario: 4. World-Class Visitor Experience and Enhanced Conservation Values	Expenditure estimate	Cost (in today \$)	Construction Start Date	Construction End Date	Proposed Ownership Type	Forecast Construction Cost to be funded by SPV (in future \$)	Annual OpEx to be funded by SPV (in today \$)
<b>Te Anau</b>							
Services - Wastewater	Large	\$0.327M	2028	2031	Right to Operate	\$0.371M	\$0.000M
Services - Potable Water	Large	\$0.279M	2028	2031	Right to Operate	\$0.316M	\$0.000M
Carriageway - Visitor Experience Hub - Te Anau	Large	\$5.304M	2032	2035	Right to Operate	\$6.827M	\$0.000M
Structures - Bus Stop - Te Anau Departure	Medium	\$0.776M	2032	2035	Lease back	\$0.000M	\$0.072M
Pavements - Visitor Experience Hub - Te Anau	Medium	\$1.084M	2032	2035	Right to Operate	\$1.396M	\$0.000M
Te Anau Interpretation	Medium	\$2.125M	2031	2034	BOO	\$2.650M	\$0.080M
Te Anau Stormwater	Large	\$0.18M	2029	2031	BOO	\$0.827M	\$0.027M
Te Anau Visitor Hub	Medium	\$21.780M	2030	2032	Right to Operate	\$25.884M	\$0.000M
Deconstruct existing DOC visitor site in Te Anau or purchasing a plot of land for a new visitor hub	Large	\$2.000M	2028	2029	BOO	\$2.190M	\$0.000M
FFE at Te Anau Experience Hub	Large	\$7.500M	2032	2033	BOO	\$9.314M	\$0.281M
		\$41.893M				\$49.774M	\$0.460M
<b>Piopiota Milford Sound</b>							
Visitor Experience Hub - Piopiota	Medium	\$27.092M	2035	2038	Right to Operate	\$38.324M	\$0.000M
Structures - Bus Stop - Piopiota arrival	Large	\$1.161M	2034	2037	BOO	\$1.591M	\$0.044M
Landscaping - Visitor Experience Hub - Piopiota	Large	\$7.906M	2037	2039	Right to Operate	\$11.713M	\$0.296M
Services - Wastewater	Large	s9(2)(b)(ii), s9(2)(j)					
Services - Potable Water	Large						
Piopiota Viewing Deck Walkway	Large	\$0.851M	2028	2031	BOO	\$0.965M	\$0.038M
Pavements - New Parking Area Sealed	Large	\$4.608M	2030	2032	Right to Operate	\$5.477M	\$0.000M
Shuttles - Base of Operations	Large	\$6.837M	2034	2037	Private Ownership	\$0.000M	\$0.000M
Structures - Operations - Commercial port	Large	\$4.371M	2029	2032	Right to Operate	\$5.118M	\$0.000M
Deepwater Basin Experience Hub	Large	\$4.894M	2030	2033	Right to Operate	\$5.914M	\$0.000M
Kayak Landing point	Large	\$0.484M	2029	2032	BOO	\$0.567M	\$0.018M
Deconstruction - Existing Hub	Large	\$3.043M	2028	2029	BOO	\$3.332M	\$0.000M



Table 9. Assets Included in Business Case Scenario: 4. World-Class Visitor Experience and Enhanced Conservation Values	Expenditure estimate	Cost (in today \$)	Construction Start Date	Construction End Date	Proposed Ownership Typ	Forecast Construction Cost to be funded by SPV (in future \$)	Annual OpEx to be funded by SPV (in today \$)
Deconstruction - Staff Accommodation	Large	\$1.197M	2031	2032	BOO	\$1.440M	\$0.000M
Pavements - Realignment (Arrival)	Large	\$1.919M	2028	2031	BOO	\$2.177M	\$0.072M
Deconstruction - Foreshore Carparking	Large	\$2.649M	2028	2029	BOO	\$2.901M	\$0.000M
Services - Power Supply	Large	s9(2)(b)(ii), s9(2)(j)					
Piopiota Interpretation	Large	\$4.035M	2033	2036	BOO	\$5.359M	\$0.151M
Walking Track - Accessible (Premium)	Large	\$1.362M	2037	2040	BOO	\$2.052M	\$0.051M
Visitor Protection Refuges	Large	\$0.300M	2030	2033	BOO	\$0.363M	\$0.011M
Visitor Protection Refuges	Large	\$0.300M	2030	2033	BOO	\$0.363M	\$0.011M
Visitor Protection Refuges	Large	\$0.300M	2029	2032	BOO	\$0.351M	\$0.011M
Delta Walking Track - Accessible	Large	\$1.540M	2034	2037	BOO	\$2.111M	\$0.052M
Bowen Falls Pontoon Walkway	Large	\$2.251M	2034	2037	Right to Operate	\$3.085M	\$0.000M
Redevelopment - Ferry Terminal	Medium	s9(2)(b)(ii)					
Airport Re-Development apron moved to south	Large	\$41.381M	2035	2037	BOO	\$57.566M	\$1.552M
Ferry Terminal Toilet Block	Large	\$1.98M	2031	2032	BOO	\$1.441M	\$0.045M
Freshwater Basin boardwalk upgrade	Large	\$0.000M	2036	2037	BOO	\$0.000M	\$0.000M
Ngai Tahu Tauranga Waka	Large	\$0.350M	2033	2034	BOO	\$0.449M	\$0.013M
Foreshore boardwalk around aerodrome	Large	\$0.680M	2034	2036	BOO	\$0.917M	\$0.026M
Updated signage to acknowledge Ngai Tahu	Large	\$1.000M	2032	2036	BOO	\$1.311M	\$0.038M
Electricity cable	Large	\$50.000M	2034	2038	Right to Operate	\$69.805M	\$0.000M
Re-wilding Piopiota foreshore	Large	\$0.500M	2033	2035	BOO	\$0.653M	\$0.019M
Cleddau Flat service area de-contamination	Large	\$4.000M	2028	2029	BOO	\$4.379M	\$0.000M
Cleddau Flat service area roading	Large	\$2.901M	2030	2031	BOO	\$3.382M	\$0.109M
Cleddau Flat service area staff accommodation	Large	\$7.500M	2031	2034	Right to Operate	\$9.354M	\$0.000M
FFE at Piopiota Experience Hub	Large	\$7.500M	2031	2032	BOO	\$9.025M	\$0.281M
		\$222.486M				\$283.786M	\$2.838M
Corridor							
Knobs Flat Accommodation - Cabins	Large	s9(2)(b)(ii), s9(2)(j)					
Knobs Flat Accommodation - Camping development	Large						
Services - Potable Water	Large						
Services - Wastewater	Large						
Kiosk Creek Accommodation - Lodge	Large						
Corridor Experience - Eglinton Reveal Carpark	Large	\$2.045M	2028	2030	BOO	\$2.282M	\$0.077M



Table 9. Assets Included in Business Case Scenario: 4. World-Class Visitor Experience and Enhanced Conservation Values	Expenditure estimate	Cost (in today \$)	Construction Start Date	Construction End Date	Proposed Ownership Type	Forecast Construction Cost to be funded by SPV (in future \$)	Annual OpEx to be funded by SPV (in today \$)
Walking Track - Countess Range	Large	\$5.515M	2031	2034	BOO	\$6.878M	\$0.089M
Tramping Hut - Countess Range 20-bed hut	Large	\$3.213M	2033	2036	Private Ownership	\$0.000M	\$0.000M
Cascade Creek - Modifications to Existing Campgrounds	Large	\$6.764M	2033	2036	Private Ownership	\$0.000M	\$0.000M
Super Track Head - Parking Area	Large	\$0.265M	2033	2036	BOO	\$0.352M	\$0.010M
Super Track Head - Wastewater Services	Large	\$0.606M	2027	2029	Right to Operate	\$0.655M	\$0.000M
Super Track Head - Potable Water Services	Large	\$0.111M	2027	2029	Right to Operate	\$0.120M	\$0.000M
Corridor Interpretation	Large	\$2.732M	2027	2030	BOO	\$3.004M	\$0.102M
Bus Shelter - Minor	Large	\$0.589M	2031	2034	BOO	\$0.735M	\$0.022M
Bus Shelter - Minor	Large	\$0.589M	2031	2034	BOO	\$0.735M	\$0.022M
Knobs Flat Walking Track - Abled Body	Large	\$3.504M	2029	2031	BOO	\$4.035M	\$0.131M
Knobs Flat Waterfall Walking Track - Accessible	Large	\$1.028M	2029	2031	BOO	\$1.183M	\$0.073M
Bus Shelter - Light	Large	\$0.206M	2028	2031	BOO	\$0.234M	\$0.008M
Bus Shelter - Light	Large	\$0.206M	2028	2031	BOO	\$0.234M	\$0.008M
Super Track Head - Power	Large	\$3.97M	2027	2030	Right to Operate	\$3.955M	\$0.000M
Walking Track - Hinepitiwai Lake Marian Loop	Large	\$3.133M	2031	2034	BOO	\$3.907M	\$0.103M
Lake Marian Walking Track - Accessible Covered Nature Trail	Large	\$2.094M	2031	2034	BOO	\$2.612M	\$0.099M
Knobs Flat Flood Protection - Maintenance	Large	s9(2)(b)(ii)					
Knobs Flat Interpretive Structures	Large	\$2.003M	2030	2032	BOO	\$2.380M	\$0.075M
Knobs Flat Interpretive Building	Large	\$1.104M	2030	2032	Right to Operate	\$1.312M	\$0.000M
Corridor Experience - FNP Entrance / Departure	Large	\$0.962M	2026	2029	BOO	\$1.026M	\$0.036M
Short river walk (500m) at Eglinton Reveal	Large	\$0.221M	2029	2030	BOO	\$0.249M	\$0.024M
Te Anau Downs to Cascade Creek cycle trail (55km length)	Large	\$27.918M	2032	2036	BOO	\$36.597M	\$0.749M
Camping provision (Totara and Mackay Creek)	Large	\$1.020M	2033	2035	BOO	\$1.332M	\$0.038M
Camping provision (Kiosk, Smithy, Upper Eglinton)	Large	\$1.020M	2032	2034	BOO	\$1.291M	\$0.038M
Visitor shelter	Large	\$0.795M	2033	2034	BOO	\$1.019M	\$0.030M
Lake Gunn waterfront accessible platforms and bridging to Lake Gunn south beach	Large	\$0.312M	2033	2034	BOO	\$0.400M	\$0.012M
Chasm short stop repaired	Large	\$0.700M	2027	2029	BOO	\$0.757M	\$0.026M
Glamping or eco cabin concession	Large	\$7.000M	2033	2035	Private Ownership	\$0.000M	\$0.000M
Pou Whenua	Large	\$3.000M	2026	2027	BOO	\$3.093M	\$0.113M
Knobs Flat/Kiosk Creek Staff accommodation	Large	\$62.896M	2028	2031	Right to Operate	\$71.367M	\$0.000M
Lone Tree and Monkey Creek Walks	Large	\$4.502M	2031	2033	BOO	\$5.522M	\$0.169M
Cultural narrative @ Cascade Creek	Large	\$0.500M	2033	2034	BOO	\$0.641M	\$0.019M

Table 9. Assets Included in Business Case Scenario: 4. World-Class Visitor Experience and Enhanced Conservation Values	Expenditure estimate	Cost (in today \$)	Construction Start Date	Construction End Date	Proposed Ownership Type	Forecast Construction Cost to be funded by SPV (in future \$)	Annual OpEx to be funded by SPV (in today \$)
Cultural narrative @ Trails Head	Large	\$1.000M	2033	2034	BOO	\$1.282M	\$0.038M
Shuttle for cycle trail	Large	\$0.000M	2025	2025	Private Ownership	\$0.000M	\$0.000M
\$217.319M						\$212.360M	\$3.307M
\$481.698M						\$545.920M	\$6.604M



# Appendix 4.4: Detailed statement of cash flows

Table 10. Cashflow summary for preferred scenario

Costs (\$millions)	Total 50 years	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30
<b>CAPITAL COSTS</b>							
Piopiotahti Capital Costs	283.786	0.000	0.000	5.165	19.014	10.518	15.100
Milford Corridor Capital Costs	212.360	0.000	3.341	15.489	42.003	53.679	32.302
Te Anau Capital Costs	49.774	0.000	0.000	0.000	2.356	0.581	10.926
<b>CAPITAL COSTS</b>	<b>545.920</b>	<b>0.000</b>	<b>3.341</b>	<b>20.654</b>	<b>63.372</b>	<b>64.779</b>	<b>58.327</b>
Land remediation provision	25.517	0.000	0.204	0.000	0.072	2.916	5.72
Construction Contingency	20.555	0.000	0.126	0.778	2.386	2.439	196
<b>PROVISIONS</b>	<b>46.072</b>	<b>0.000</b>	<b>0.329</b>	<b>0.778</b>	<b>2.458</b>	<b>5.355</b>	<b>7.98</b>
<b>TOTAL CAPITAL COSTS</b>	<b>591.992</b>	<b>0.000</b>	<b>3.670</b>	<b>21.432</b>	<b>65.830</b>	<b>70.135</b>	<b>6.285</b>
<b>REPLACEMENT CAPITAL INVESTMENTS</b>							
Asset Reinvestment using depreciation reserves	734.175	0.000	0.000	0.000	0.000	0.000	0.000
Asset Reinvestment using cash	1,367.636	0.000	0.000	0.000	0.000	0.0	0.000
<b>TOTAL CAPITAL REINVESTMENT</b>	<b>2,101.811</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.00</b>	<b>0.000</b>
<b>OPERATING COSTS</b>							
Piopiotahti Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Milford Corridor Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Te Anau Implementation Costs	0.000	0.000	0.000	0.000	0.0	0.000	0.000
Commercial and Legal costs to implement Masterplan	31.888	0.000	5.135	9.779	11.821	0.873	2.177
<b>TOTAL PROJECT OPERATING COSTS</b>	<b>31.888</b>	<b>0.000</b>	<b>5.135</b>	<b>9.779</b>	<b>11.821</b>	<b>0.873</b>	<b>2.177</b>
<b>TOTAL PROJECT COSTS</b>	<b>623.880</b>	<b>0.000</b>	<b>8.805</b>	<b>31.211</b>	<b>77.651</b>	<b>71.007</b>	<b>68.462</b>
Depreciation	485.564	0.000	0.044	0.088	0.132	1.388	3.669
Reinvestment Depreciation expense	487.992	0.000	0.000	0.000	0.000	0.000	0.000
Capital charge	0.000						
<b>OPERATING COSTS</b>	<b>1,005.445</b>	<b>0.000</b>	<b>5.179</b>	<b>9.867</b>	<b>11.953</b>	<b>2.261</b>	<b>5.846</b>
<b>TOTAL ONE-TIME FUNDING REQUIREMENTS</b>	<b>1,597.437</b>	<b>0.000</b>	<b>8.849</b>	<b>31.299</b>	<b>77.783</b>	<b>72.395</b>	<b>72.131</b>
<b>ONGOING OPERATING COSTS</b>							
Entity Operating Costs	697.200	0.000	0.000	8.690	8.676	8.850	9.027
Piopiotahti Ongoing Costs	212.761	0.000	0.000	0.000	0.000	0.000	0.000
Milford Corridor Ongoing Costs	263.225	0.000	0.000	0.117	0.119	0.189	1.740
Te Anau Ongoing Costs	35.964	0.000	0.000	0.000	0.000	0.000	0.000
Crown note interest and principal repayment	15.905	0.000	1.356	7.274	7.274	0.000	0.000
Commercial Borrowing Interest Expense and Principal Repayment	239.342	0.000	0.000	0.000	5.883	6.689	7.333
Debt Refinancing	47.984	0.000	0.000	0.000	47.984	0.000	0.000
Early Principal Repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Conservation and Environment Fund	4,753.507	0.000	0.795	0.623	0.256	0.798	0.399
<b>TOTAL OPERATING COSTS</b>	<b>1,512</b>	<b>0.000</b>	<b>1.356</b>	<b>16.081</b>	<b>69.937</b>	<b>15.728</b>	<b>18.101</b>
<b>TOTAL FUNDING REQUIRED BEFORE EARLY DEBT REPAYMENT</b>	<b>4,445.454</b>	<b>0.000</b>	<b>10.206</b>	<b>47.380</b>	<b>147.720</b>	<b>88.123</b>	<b>90.232</b>
<b>TOTAL FUNDING REQUIRED</b>	<b>4,445.454</b>	<b>0.000</b>	<b>10.206</b>	<b>47.380</b>	<b>147.720</b>	<b>88.123</b>	<b>90.232</b>
<b>FUNDING SOURCES</b>							
Visitor Levy Revenue	8,809.810	0.000	0.000	0.000	74.968	78.883	82.491
Levy Transport Subsidy	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue from operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interest earned on cash balances	263.152	0.000	0.001	0.004	0.008	0.038	0.139
Cash from repayable Crown note	59.000	0.000	11.000	48.000	0.000	0.000	0.000
Cash from borrowings	99.000	0.000	0.000	0.000	73.000	10.000	8.000
PFI / other 3rd party funding for asset constructi	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL INCOME</b>	<b>9,230.961</b>	<b>0.000</b>	<b>11.001</b>	<b>48.004</b>	<b>147.976</b>	<b>88.922</b>	<b>90.630</b>
Concession Fee Revenue payable to D C	395.117	0.000	0.000	0.000	1.644	1.939	2.639
<b>SURPLUS / (DEFICIT)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.795</b>	<b>0.623</b>	<b>0.256</b>	<b>0.798</b>	<b>0.399</b>
<b>SURPLUS / (DEFICIT) after Early Debt Retirement</b>	<b>0.000</b>	<b>0.000</b>	<b>0.795</b>	<b>0.623</b>	<b>0.256</b>	<b>0.798</b>	<b>0.399</b>
<b>NET CASH ON HAND</b>	<b>0.000</b>	<b>0.000</b>	<b>0.044</b>	<b>0.133</b>	<b>0.264</b>	<b>1.652</b>	<b>5.321</b>
DSCR (Debt Service Coverage Ratio) -> Target over 1.25 to be graded aligned with PPP a liability financing	-	-	0.000	0.000	50.588	26.879	25.077
DEBT to REVENUE RATIO -> Under 1.65 times ideal for PPP financing	-	-	0.000	0.000	0.243	0.452	0.480
GEARING RATIO (Debt / Equity) -> Below 80% ideal	-	-	0%	0%	1309%	107%	56%
<b>VISITOR VOLUMES</b>							
Self-Drive		309,601	330,907	322,337	280,810	264,934	211,192
Bus		365,481	389,306	412,097	296,307	276,483	241,036
Other Transport Operators		0	0	0	50,796	114,407	229,559
Ferry		46,640	49,559	50,126	55,166	58,015	60,868
<b>Total Land-Based Levy-Paying Visitors</b>		<b>721,721.906</b>	<b>769,772.585</b>	<b>784,559.548</b>	<b>683,078.845</b>	<b>713,838.596</b>	<b>742,654.996</b>
Cruise Ship		246,179	262,552	277,918	233,934	244,828	255,065
<b>TOTAL LEVY-PAYING VISITORS</b>		<b>967,900.649</b>	<b>1,032,325.084</b>	<b>1,062,477.157</b>	<b>917,012.527</b>	<b>958,666.319</b>	<b>997,720.259</b>
Non-Levy Paying Visitors							
<b>TOTAL VISITORS</b>		<b>967,900.649</b>	<b>1,032,325.084</b>	<b>1,062,477.157</b>	<b>917,012.527</b>	<b>958,666.319</b>	<b>997,720.259</b>



Table 10. continued (from FY30/31 to FY36/37)

Costs (\$millions)	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	FY 36/37
<b>CAPITAL COSTS</b>							
Piopiota Capital Costs	26.941	6.677	5.965	15.175	57.470	72.632	40.455
Milford Corridor Capital Costs	7.997	14.613	20.601	11.403	10.932	0.000	0.000
Te Anau Capital Costs	16.365	12.287	4.091	3.169	0.000	0.000	0.000
<b>CAPITAL COSTS</b>	<b>51.303</b>	<b>33.577</b>	<b>30.658</b>	<b>29.747</b>	<b>68.402</b>	<b>72.632</b>	<b>40.455</b>
Land remediation provision	3.224	0.526	1.328	0.807	0.498	5.502	3.557
Construction Contingency	1.932	1.264	1.154	1.120	2.575	2.735	1.523
<b>PROVISIONS</b>	<b>5.156</b>	<b>1.791</b>	<b>2.483</b>	<b>1.927</b>	<b>3.073</b>	<b>8.236</b>	<b>5.080</b>
<b>TOTAL CAPITAL COSTS</b>	<b>56.458</b>	<b>35.368</b>	<b>33.140</b>	<b>31.674</b>	<b>71.475</b>	<b>80.868</b>	<b>5.535</b>
<b>REPLACEMENT CAPITAL INVESTMENTS</b>							
Asset Reinvestment using depreciation reserves	0.000	0.000	0.252	0.083	2.856	0.000	1.841
Asset Reinvestment using cash	0.000	0.000	0.071	0.027	1.042	0.000	0.835
<b>TOTAL CAPITAL REINVESTMENT</b>	<b>0.000</b>	<b>0.000</b>	<b>0.323</b>	<b>0.110</b>	<b>3.899</b>	<b>0.000</b>	<b>2.676</b>
<b>OPERATING COSTS</b>							
Piopiota Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Milford Corridor Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Te Anau Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial and Legal costs to implement Masterplan	1.307	0.797	0.000	0.000	0.000	0.000	0.000
<b>TOTAL PROJECT OPERATING COSTS</b>	<b>1.307</b>	<b>0.797</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL PROJECT COSTS</b>	<b>57.765</b>	<b>36.165</b>	<b>33.140</b>	<b>31.674</b>	<b>1.475</b>	<b>80.868</b>	<b>45.535</b>
Depreciation	6.078	8.362	10.048	10.998	12.604	15.470	18.017
Reinvestment Depreciation expense	0.000	0.000	0.017	0.020	0.182	0.182	0.305
Capital charge							
<b>OPERATING COSTS</b>	<b>7.385</b>	<b>9.159</b>	<b>10.065</b>	<b>11.020</b>	<b>12.787</b>	<b>15.653</b>	<b>18.323</b>
<b>TOTAL ONE-TIME FUNDING REQUIREMENTS</b>	<b>63.843</b>	<b>44.527</b>	<b>43.205</b>	<b>42.694</b>	<b>84.262</b>	<b>96.521</b>	<b>63.858</b>
<b>ONGOING OPERATING COSTS</b>							
Entity Operating Costs	9.208	9.392	9.580	9.771	9.967	10.166	10.369
Piopiota Ongoing Costs	0.246	0.660	0.000	0.729	0.766	1.048	3.158
Milford Corridor Ongoing Costs	2.023	2.150	2.390	3.000	3.107	4.112	4.195
Te Anau Ongoing Costs	0.030	0.031	0.361	0.464	0.560	0.571	0.583
Crown note interest and principal repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial Borrowing Interest Expense and Principal Repayment	7.333	333	7.333	7.333	7.333	7.978	7.978
Debt Refinancing	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Early Principal Repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Conservation and Environment Fund	3.512	25.507	39.518	42.874	3.683	2.343	27.854
<b>TOTAL OPERATING COSTS</b>	<b>18.840</b>	<b>19.565</b>	<b>20.364</b>	<b>21.297</b>	<b>21.734</b>	<b>23.876</b>	<b>26.282</b>
<b>TOTAL FUNDING REQUIRED BEFORE EARLY DEBT REPAYMENT</b>	<b>82.684</b>	<b>64.092</b>	<b>63.640</b>	<b>64.018</b>	<b>107.038</b>	<b>120.397</b>	<b>90.975</b>
<b>TOTAL FUNDING REQUIRED</b>	<b>82.684</b>	<b>64.092</b>	<b>63.640</b>	<b>64.018</b>	<b>107.038</b>	<b>120.397</b>	<b>90.975</b>
<b>FUNDING SOURCES</b>							
Visitor Levy Revenue	85.861	88.976	102.171	105.490	108.902	112.409	115.856
Levy Transport Subsidy	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue from operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interest earned on cash balances	0.334	0.623	0.987	1.402	1.819	2.331	2.973
Cash from repayable Crown note	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash from borrowings	0.000	0.000	0.000	0.000	0.000	8.000	0.000
PFI / other 3rd party funding for asset construction	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL INCOME</b>	<b>86.195</b>	<b>89.599</b>	<b>103.158</b>	<b>106.892</b>	<b>110.721</b>	<b>122.740</b>	<b>118.829</b>
Concession Fee Revenue payable to DCC	2.868	3.171	3.500	3.655	3.829	3.995	4.157
<b>SURPLUS / (DEFICIT)</b>	<b>3.512</b>	<b>25.507</b>	<b>39.518</b>	<b>42.874</b>	<b>3.683</b>	<b>2.343</b>	<b>27.854</b>
<b>SURPLUS / (DEFICIT) after Early Debt Retirement</b>	<b>3.512</b>	<b>25.507</b>	<b>39.518</b>	<b>42.874</b>	<b>3.683</b>	<b>2.343</b>	<b>27.854</b>
<b>NET CASH ON HAND</b>	<b>11.399</b>	<b>19.761</b>	<b>29.574</b>	<b>40.511</b>	<b>50.441</b>	<b>66.094</b>	<b>82.576</b>
<b>DSCR (Debt Service Coverage Ratio) - &gt;&gt; Target over 1.25 to be graded aligned with PPP availability financing</b>	<b>23.899</b>	<b>24.868</b>	<b>28.611</b>	<b>29.651</b>	<b>30.719</b>	<b>31.270</b>	<b>30.310</b>
<b>DEBT to REVENUE RATIO - &gt;&gt; Under 1.65 times ideal for PPP financing</b>	<b>0.497</b>	<b>0.471</b>	<b>0.403</b>	<b>0.382</b>	<b>0.362</b>	<b>0.352</b>	<b>0.356</b>
<b>GEARING RATIO (Debt / Equity) - &gt;&gt; Below 80% ideal</b>	<b>40%</b>	<b>37%</b>	<b>32%</b>	<b>31%</b>	<b>26%</b>	<b>23%</b>	<b>18%</b>
<b>VISITOR VOLUMES</b>							
Self-Drive	155,365	113,080	116,611	120,039	123,554	127,160	130,656
Tourists	281,968	314,944	324,379	334,959	345,810	356,942	367,790
Other Transport Operators	268,541	299,947	308,932	319,008	329,342	339,945	350,276
Fly	63,714	66,596	69,460	69,460	69,459	69,459	69,348
<b>Total Land-Based Levy-Paying Visitors</b>	<b>769,588</b>	<b>794,567</b>	<b>819,383</b>	<b>843,466</b>	<b>868,164</b>	<b>893,506</b>	<b>918,071</b>
Cruise Ship	264,690	273,593	282,239	290,533	299,064	307,825	316,761
<b>TOTAL LEVY-PAYING VISITORS</b>	<b>1,034,278</b>	<b>1,068,160</b>	<b>1,101,622</b>	<b>1,133,998</b>	<b>1,167,228</b>	<b>1,201,331</b>	<b>1,234,832</b>
Non-Levy Paying Visitors							
<b>TOTAL VISITORS</b>	<b>1,034,278</b>	<b>1,068,160</b>	<b>1,101,622</b>	<b>1,133,998</b>	<b>1,167,228</b>	<b>1,201,331</b>	<b>1,234,832</b>



Table 10. continued (from FY37/38 to FY 43/44)

Costs (\$millions)	FY 37/38	FY 38/39	FY 39/40	FY 40/41	FY 41/42	FY 42/43	FY 43/44
<b>CAPITAL COSTS</b>							
Piopiopi Capital Costs	7.883	0.791	0.000	0.000	0.000	0.000	0.000
Milford Corridor Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Te Anau Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>CAPITAL COSTS</b>	<b>7.883</b>	<b>0.791</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Land remediation provision	1.122	0.000	0.000	0.000	0.000	0.000	0.000
Construction Contingency	0.297	0.030	0.000	0.000	0.000	0.000	0.000
<b>PROVISIONS</b>	<b>1.419</b>	<b>0.030</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL CAPITAL COSTS</b>	<b>9.301</b>	<b>0.821</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>REPLACEMENT CAPITAL INVESTMENTS</b>							
Asset Reinvestment using depreciation reserves	14.649	9.517	33.979	4.138	14.181	26.260	6.58
Asset Reinvestment using cash	7.327	5.217	20.311	2.685	9.950	19.855	13.5
<b>TOTAL CAPITAL REINVESTMENT</b>	<b>21.976</b>	<b>14.735</b>	<b>54.291</b>	<b>6.823</b>	<b>24.132</b>	<b>46.115</b>	<b>30.064</b>
<b>OPERATING COSTS</b>							
Piopiopi Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Milford Corridor Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Te Anau Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial and Legal costs to implement Masterplan	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL PROJECT OPERATING COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL PROJECT COSTS</b>	<b>9.301</b>	<b>0.821</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Depreciation	18.571	17.447	16.850	16.850	16.85	16.728	16.599
Reinvestment Depreciation expense	1.940	3.280	5.121	5.309	5.761	6.671	7.057
Capital charge							
<b>OPERATING COSTS</b>	<b>20.511</b>	<b>20.726</b>	<b>21.971</b>	<b>22.19</b>	<b>22.611</b>	<b>23.400</b>	<b>23.656</b>
<b>TOTAL ONE-TIME FUNDING REQUIREMENTS</b>	<b>29.812</b>	<b>21.547</b>	<b>21.971</b>	<b>22.159</b>	<b>22.611</b>	<b>23.400</b>	<b>23.656</b>
<b>ONGOING OPERATING COSTS</b>							
Entity Operating Costs	10.577	10.788	11.004	11.224	11.448	11.677	11.911
Piopiopi Ongoing Costs	3.221	3.677	3.819	3.895	3.973	4.053	4.134
Milford Corridor Ongoing Costs	4.278	4.364	4.451	4.540	4.631	4.724	4.818
Te Anau Ongoing Costs	0.595	0.606	0.9	0.631	0.644	0.656	0.670
Crown note interest and principal repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial Borrowing Interest Expense and Principal Repayment	7.978	7.978	7.978	7.978	7.978	7.978	7.978
Debt Refinancing	0.000	0.0	0.000	0.000	0.000	0.000	0.000
Early Principal Repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Conservation and Environment Fund	66.953	76.8	59.796	76.347	68.415	71.692	77.594
<b>TOTAL OPERATING COSTS</b>	<b>26.649</b>	<b>74.13</b>	<b>27.871</b>	<b>28.268</b>	<b>28.674</b>	<b>29.088</b>	<b>29.510</b>
<b>TOTAL FUNDING REQUIRED BEFORE EARLY DEBT REPAYMENT</b>	<b>63.788</b>	<b>54.177</b>	<b>70.153</b>	<b>53.112</b>	<b>61.236</b>	<b>72.343</b>	<b>66.642</b>
<b>TOTAL FUNDING REQUIRED</b>	<b>6.88</b>	<b>54.177</b>	<b>70.153</b>	<b>53.112</b>	<b>61.236</b>	<b>72.343</b>	<b>66.642</b>
<b>FUNDING SOURCES</b>							
Visitor Levy Revenue	127.321	126.644	126.203	125.593	125.256	139.528	139.646
Levy Transport Subsidy	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue from operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interest earned on cash balances	3.420	3.762	3.746	3.866	4.395	4.506	4.591
Cash from repayable Crown note	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash from borrowings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PFI / other 3rd party funding for asset construction	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL INCOME</b>	<b>130.741</b>	<b>130.405</b>	<b>129.949</b>	<b>129.459</b>	<b>129.651</b>	<b>144.035</b>	<b>144.236</b>
Concession Fee Revenue payable to DOC	4.741	4.879	5.041	5.196	5.354	5.784	5.952
<b>SURPLUS / (DEFICIT)</b>	<b>66.953</b>	<b>76.228</b>	<b>59.796</b>	<b>76.347</b>	<b>68.415</b>	<b>71.692</b>	<b>77.594</b>
<b>SURPLUS / (DEFICIT) after Early Debt Retirement</b>	<b>66.953</b>	<b>76.228</b>	<b>59.796</b>	<b>76.347</b>	<b>68.415</b>	<b>71.692</b>	<b>77.594</b>
<b>NET CASH ON HAND</b>	<b>88.439</b>	<b>99.648</b>	<b>87.639</b>	<b>105.660</b>	<b>114.090</b>	<b>111.230</b>	<b>118.297</b>
DSCR (Debt Service Coverage Ratio) -> Target over 1.25 to be graded aligned with PPP availability financing	33.370	33.303	33.208	33.105	33.173	36.833	36.904
DEBT to REVENUE RATIO -> Under 1.65 times ideal for PPP financing	0.316	0.308	0.301	0.293	0.282	0.245	0.235
GEARING RATIO (Debt / Equity) -> Below 80% ideal	17%	16%	14%	14%	13%	12%	11%
<b>VISITOR VOLUMES</b>							
Self-Drive	133,401	136,216	138,966	141,213	143,501	145,971	148,299
Tour B	376,260	384,951	393,474	400,410	407,469	415,098	422,283
Other Transport Operators	358,343	366,620	374,737	381,343	388,066	395,331	402,174
Fly	69,350	69,352	69,284	69,284	69,290	69,282	69,282
<b>TOTAL Land-Based Levy-Paying Visitors</b>	<b>937,354</b>	<b>957,139</b>	<b>976,461</b>	<b>992,251</b>	<b>1,008,327</b>	<b>1,025,682</b>	<b>1,042,037</b>
Cruise Ship	285,085	256,576	230,919	207,827	187,044	168,340	151,506
<b>TOTAL LEVY-PAYING VISITORS</b>	<b>1,222,439</b>	<b>1,213,715</b>	<b>1,207,379</b>	<b>1,200,078</b>	<b>1,195,371</b>	<b>1,194,021</b>	<b>1,193,543</b>
Non-Levy Paying Visitors							
<b>TOTAL VISITORS</b>	<b>1,222,439</b>	<b>1,213,715</b>	<b>1,207,379</b>	<b>1,200,078</b>	<b>1,195,371</b>	<b>1,194,021</b>	<b>1,193,543</b>



Table 10. continued (from FY44/45 to FY 50/51)

Costs (\$millions)	FY 44/45	FY 45/46	FY 46/47	FY 47/48	FY 48/49	FY 49/50	FY 50/51
<b>CAPITAL COSTS</b>							
Piopiopi Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Milford Corridor Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Te Anau Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>CAPITAL COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Land remediation provision	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Construction Contingency	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>PROVISIONS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL CAPITAL COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>REPLACEMENT CAPITAL INVESTMENTS</b>							
Asset Reinvestment using depreciation reserves	31.583	12.890	31.396	6.029	1.993	42.866	3.96
Asset Reinvestment using cash	27.486	11.990	31.142	6.365	2.235	50.981	30.4
<b>TOTAL CAPITAL REINVESTMENT</b>	<b>59.069</b>	<b>24.880</b>	<b>62.538</b>	<b>12.394</b>	<b>4.229</b>	<b>93.847</b>	<b>54.151</b>
<b>OPERATING COSTS</b>							
Piopiopi Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Milford Corridor Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Te Anau Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial and Legal costs to implement Masterplan	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL PROJECT OPERATING COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL PROJECT COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Depreciation	16.319	16.047	15.863	15.219	14.75	13.509	11.337
Reinvestment Depreciation expense	8.401	8.510	9.963	10.304	0.380	11.781	12.782
Capital charge							
<b>OPERATING COSTS</b>	<b>24.720</b>	<b>24.557</b>	<b>25.826</b>	<b>25.53</b>	<b>25.139</b>	<b>25.290</b>	<b>24.120</b>
<b>TOTAL ONE-TIME FUNDING REQUIREMENTS</b>	<b>24.720</b>	<b>24.557</b>	<b>25.826</b>	<b>25.523</b>	<b>25.139</b>	<b>25.290</b>	<b>24.120</b>
<b>ONGOING OPERATING COSTS</b>							
Entity Operating Costs	12.149	12.392	12.640	12.893	13.151	13.414	13.682
Piopiopi Ongoing Costs	4.216	4.301	4.387	4.474	4.564	4.655	4.748
Milford Corridor Ongoing Costs	4.915	5.013	5.113	5.215	5.320	5.426	5.535
Te Anau Ongoing Costs	0.683	0.697	0.71	0.725	0.739	0.754	0.769
Crown note interest and principal repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial Borrowing Interest Expense and Principal Repayment	7.978	7.978	7.978	7.978	7.978	7.978	7.978
Debt Refinancing	0.000	0.0	0.000	0.000	0.000	0.000	0.000
Early Principal Repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Conservation and Environment Fund	62.424	78.5	58.218	99.573	105.649	57.726	80.341
<b>TOTAL OPERATING COSTS</b>	<b>29.941</b>	<b>0.380</b>	<b>30.828</b>	<b>31.285</b>	<b>31.751</b>	<b>32.227</b>	<b>32.712</b>
<b>TOTAL FUNDING REQUIRED BEFORE EARLY DEBT REPAYMENT</b>	<b>82.147</b>	<b>66.928</b>	<b>87.796</b>	<b>63.173</b>	<b>59.126</b>	<b>108.497</b>	<b>87.015</b>
<b>TOTAL FUNDING REQUIRED</b>	<b>82.47</b>	<b>66.928</b>	<b>87.796</b>	<b>63.173</b>	<b>59.126</b>	<b>108.497</b>	<b>87.015</b>
<b>FUNDING SOURCES</b>							
Visitor Levy Revenue	139.977	140.492	141.202	157.654	158.831	160.168	161.649
Levy Transport Subsidy	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue from operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interest earned on cash balances	4.595	4.691	4.813	5.091	5.944	6.055	5.707
Cash from repayable Crown note	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash from borrowings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PFI / other 3rd party funding for asset construction	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL INCOME</b>	<b>144.571</b>	<b>145.183</b>	<b>146.014</b>	<b>162.745</b>	<b>164.775</b>	<b>166.224</b>	<b>167.356</b>
Concession Fee Revenue payable to DOC	6.123	6.296	6.473	6.974	7.163	7.355	7.562
<b>SURPLUS / (DEFICIT)</b>	<b>62.424</b>	<b>78.255</b>	<b>58.218</b>	<b>99.573</b>	<b>105.649</b>	<b>57.726</b>	<b>80.341</b>
<b>SURPLUS / (DEFICIT) after Early Debt Retirement</b>	<b>62.424</b>	<b>78.255</b>	<b>58.218</b>	<b>99.573</b>	<b>105.649</b>	<b>57.726</b>	<b>80.341</b>
<b>NET CASH ON HAND</b>	<b>111.435</b>	<b>123.102</b>	<b>117.532</b>	<b>137.026</b>	<b>160.171</b>	<b>142.595</b>	<b>142.748</b>
DSCR (Debt Service Coverage Ratio) -> Target over 1.25 to be graded aligned with PPP availability financing	37.010	37.185	37.415	41.672	42.205	42.592	42.902
DEBT to REVENUE RATIO -> Under 1.65 times ideal for PPP financing	0.223	0.211	0.198	0.166	0.151	0.137	0.122
GEARING RATIO (Debt / Equity) -> Below 80% ideal	11%	10%	9%	9%	8%	7%	7%
<b>VISITOR VOLUMES</b>							
Self-Drive	150,647	153,004	155,400	157,841	160,323	162,833	165,369
Tour B	429,532	436,808	444,204	451,740	459,400	467,150	474,978
Other Transport Operators	409,078	416,007	423,052	430,229	437,524	444,905	452,360
Fly	69,279	69,280	69,280	69,281	69,281	69,279	69,277
<b>TOTAL Land-Based Levy-Paying Visitors</b>	<b>1,058,535</b>	<b>1,075,099</b>	<b>1,091,936</b>	<b>1,109,091</b>	<b>1,126,527</b>	<b>1,144,167</b>	<b>1,161,985</b>
Cruise Ship	136,355	122,720	110,448	99,403	89,463	80,516	72,465
<b>TOTAL LEVY-PAYING VISITORS</b>	<b>1,194,890</b>	<b>1,197,819</b>	<b>1,202,384</b>	<b>1,208,494</b>	<b>1,215,990</b>	<b>1,224,684</b>	<b>1,234,450</b>
Non-Levy Paying Visitors							
<b>TOTAL VISITORS</b>	<b>1,194,890</b>	<b>1,197,819</b>	<b>1,202,384</b>	<b>1,208,494</b>	<b>1,215,990</b>	<b>1,224,684</b>	<b>1,234,450</b>



Table 10. continued (from FY51/52 to FY57/58)

Costs (\$millions)	FY 51/52	FY 52/53	FY 53/54	FY 54/55	FY 55/56	FY 56/57	FY 57/58
<b>CAPITAL COSTS</b>							
Piopiopi Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Milford Corridor Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Te Anau Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>CAPITAL COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Land remediation provision	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Construction Contingency	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>PROVISIONS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL CAPITAL COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>REPLACEMENT CAPITAL INVESTMENTS</b>							
Asset Reinvestment using depreciation reserves	13.988	20.999	1.644	24.167	24.536	15.785	6.49
Asset Reinvestment using cash	18.627	29.531	2.439	37.766	40.356	27.298	66.6
<b>TOTAL CAPITAL REINVESTMENT</b>	<b>32.615</b>	<b>50.531</b>	<b>4.084</b>	<b>61.933</b>	<b>64.892</b>	<b>43.083</b>	<b>72.804</b>
<b>OPERATING COSTS</b>							
Piopiopi Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Milford Corridor Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Te Anau Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial and Legal costs to implement Masterplan	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL PROJECT OPERATING COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL PROJECT COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Depreciation	10.290	10.039	9.847	9.778	9.59	9.396	8.080
Reinvestment Depreciation expense	12.918	13.105	13.172	13.339	3.927	14.211	15.583
Capital charge							
<b>OPERATING COSTS</b>	<b>23.209</b>	<b>23.144</b>	<b>23.018</b>	<b>23.117</b>	<b>23.518</b>	<b>23.608</b>	<b>23.663</b>
<b>TOTAL ONE-TIME FUNDING REQUIREMENTS</b>	<b>23.209</b>	<b>23.144</b>	<b>23.018</b>	<b>23.117</b>	<b>23.518</b>	<b>23.608</b>	<b>23.663</b>
<b>ONGOING OPERATING COSTS</b>							
Entity Operating Costs	13.956	14.235	14.519	14.810	15.106	15.408	15.716
Piopiopi Ongoing Costs	4.843	4.940	5.039	5.140	5.242	5.347	5.454
Milford Corridor Ongoing Costs	5.645	5.758	5.873	5.991	6.111	6.233	6.357
Te Anau Ongoing Costs	0.784	0.800	0.816	0.833	0.849	0.866	0.883
Crown note interest and principal repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial Borrowing Interest Expense and Principal Repayment	7.978	7.978	7.978	7.978	7.978	7.978	2.095
Debt Refinancing	0.000	0.0	0.000	0.000	0.000	0.000	0.000
Early Principal Repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Conservation and Environment Fund	94.111	102.8	131.129	96.982	94.875	108.956	97.073
<b>TOTAL OPERATING COSTS</b>	<b>33.207</b>	<b>37.11</b>	<b>34.226</b>	<b>34.751</b>	<b>35.286</b>	<b>35.832</b>	<b>30.507</b>
<b>TOTAL FUNDING REQUIRED BEFORE EARLY DEBT REPAYMENT</b>	<b>75.042</b>	<b>86.387</b>	<b>59.683</b>	<b>95.634</b>	<b>99.161</b>	<b>86.738</b>	<b>120.476</b>
<b>TOTAL FUNDING REQUIRED</b>	<b>7.42</b>	<b>86.387</b>	<b>59.683</b>	<b>95.634</b>	<b>99.161</b>	<b>86.738</b>	<b>120.476</b>
<b>FUNDING SOURCES</b>							
Visitor Levy Revenue	163.259	182.353	184.221	185.618	187.079	188.601	210.556
Levy Transport Subsidy	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue from operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interest earned on cash balances	5.894	6.122	6.592	6.998	6.957	7.093	6.993
Cash from repayable Crown note	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash from borrowings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PFI / other 3rd party funding for asset construction	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL INCOME</b>	<b>169.154</b>	<b>188.474</b>	<b>190.813</b>	<b>192.616</b>	<b>194.036</b>	<b>195.695</b>	<b>217.549</b>
Concession Fee Revenue payable to DOC	7.762	8.348	8.556	8.756	8.958	9.162	9.821
<b>SURPLUS / (DEFICIT)</b>	<b>94.111</b>	<b>102.088</b>	<b>131.129</b>	<b>96.982</b>	<b>94.875</b>	<b>108.956</b>	<b>97.073</b>
<b>SURPLUS / (DEFICIT) after Early Debt Retirement</b>	<b>94.111</b>	<b>102.088</b>	<b>131.129</b>	<b>96.982</b>	<b>94.875</b>	<b>108.956</b>	<b>97.073</b>
<b>NET CASH ON HAND</b>	<b>151.968</b>	<b>154.113</b>	<b>175.487</b>	<b>174.438</b>	<b>173.420</b>	<b>181.243</b>	<b>168.408</b>
DSCR (Debt Service Coverage Ratio) -> Target over 1.25 to be graded aligned with PPP availability financing	43.378	48.295	48.907	49.384	49.765	50.207	212.347
DEBT to REVENUE RATIO -> Under 1.65 times ideal for PPP financing	0.106	0.082	0.066	0.049	0.032	0.014	0.009
GEARING RATIO (Debt / Equity) -> Below 80% ideal	6%	5%	4%	3%	2%	1%	1%
<b>VISITOR VOLUMES</b>							
Self-Drive	167,927	170,504	172,957	174,912	176,856	178,794	180,725
Tour B	482,874	490,829	498,429	504,466	510,469	516,451	522,410
Other Transport Operators	459,880	467,456	474,694	480,444	486,161	491,858	497,533
Fly	69,276	69,275	69,221	69,218	69,217	69,215	69,214
<b>TOTAL Land-Based Levy-Paying Visitors</b>	<b>1,179,957</b>	<b>1,198,064</b>	<b>1,215,300</b>	<b>1,229,041</b>	<b>1,242,702</b>	<b>1,256,318</b>	<b>1,269,882</b>
Cruise Ship	65,218	58,696	52,827	47,544	42,790	38,511	34,660
<b>TOTAL LEVY-PAYING VISITORS</b>	<b>1,245,175</b>	<b>1,256,760</b>	<b>1,268,127</b>	<b>1,276,585</b>	<b>1,285,492</b>	<b>1,294,829</b>	<b>1,304,542</b>
Non-Levy Paying Visitors							
<b>TOTAL VISITORS</b>	<b>1,245,175</b>	<b>1,256,760</b>	<b>1,268,127</b>	<b>1,276,585</b>	<b>1,285,492</b>	<b>1,294,829</b>	<b>1,304,542</b>



Table 10. continued (from FY 58/59 to FY64/65)

Costs (\$millions)	FY 58/59	FY 59/60	FY 60/61	FY 61/62	FY 62/63	FY 63/64	FY 64/65
<b>CAPITAL COSTS</b>							
Piopiopi Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Milford Corridor Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Te Anau Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>CAPITAL COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Land remediation provision	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Construction Contingency	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>PROVISIONS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL CAPITAL COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>REPLACEMENT CAPITAL INVESTMENTS</b>							
Asset Reinvestment using depreciation reserves	12.676	26.444	1.046	23.249	38.076	6.551	6.64
Asset Reinvestment using cash	24.171	52.885	2.193	51.031	87.468	15.740	41.5
<b>TOTAL CAPITAL REINVESTMENT</b>	<b>36.846</b>	<b>79.329</b>	<b>3.239</b>	<b>74.280</b>	<b>125.545</b>	<b>22.291</b>	<b>58.464</b>
<b>OPERATING COSTS</b>							
Piopiopi Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Milford Corridor Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Te Anau Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial and Legal costs to implement Masterplan	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL PROJECT OPERATING COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL PROJECT COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Depreciation	6.772	6.772	6.728	6.683	6.68	6.641	6.591
Reinvestment Depreciation expense	15.642	15.716	15.725	15.798	6.372	16.433	16.455
Capital charge							
<b>OPERATING COSTS</b>	<b>22.414</b>	<b>22.487</b>	<b>22.453</b>	<b>22.41</b>	<b>23.055</b>	<b>23.073</b>	<b>23.046</b>
<b>TOTAL ONE-TIME FUNDING REQUIREMENTS</b>	<b>22.414</b>	<b>22.487</b>	<b>22.453</b>	<b>22.481</b>	<b>23.055</b>	<b>23.073</b>	<b>23.046</b>
<b>ONGOING OPERATING COSTS</b>							
Entity Operating Costs	16.031	16.351	16.678	17.012	17.352	17.699	18.053
Piopiopi Ongoing Costs	5.563	5.675	5.788	5.904	6.022	6.142	6.265
Milford Corridor Ongoing Costs	6.485	6.614	6.747	6.882	7.019	7.160	7.303
Te Anau Ongoing Costs	0.901	0.919	0.8	0.956	0.975	0.995	1.015
Crown note interest and principal repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial Borrowing Interest Expense and Principal Repayment	1.289	0.645	0.645	0.645	0.645	0.645	0.645
Debt Refinancing	0.000	0.0	0.000	0.000	0.000	0.000	0.000
Early Principal Repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Conservation and Environment Fund	142.445	115.9	168.223	121.549	109.766	183.528	159.942
<b>TOTAL OPERATING COSTS</b>	<b>30.269</b>	<b>0.204</b>	<b>30.795</b>	<b>31.398</b>	<b>32.013</b>	<b>32.641</b>	<b>33.280</b>
<b>TOTAL FUNDING REQUIRED BEFORE EARLY DEBT REPAYMENT</b>	<b>76.854</b>	<b>105.576</b>	<b>55.441</b>	<b>104.910</b>	<b>142.537</b>	<b>71.454</b>	<b>98.141</b>
<b>TOTAL FUNDING REQUIRED</b>	<b>7.5</b>	<b>105.576</b>	<b>55.441</b>	<b>104.910</b>	<b>142.537</b>	<b>71.454</b>	<b>98.141</b>
<b>FUNDING SOURCES</b>							
Visitor Levy Revenue	212.367	214.229	216.269	218.651	244.810	247.459	250.102
Levy Transport Subsidy	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue from operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interest earned on cash balances	6.931	7.047	7.396	7.809	7.493	7.523	7.981
Cash from repayable Crown note	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash from borrowings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PFI / other 3rd party funding for asset construction	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL INCOME</b>	<b>219.298</b>	<b>221.276</b>	<b>223.664</b>	<b>226.460</b>	<b>252.303</b>	<b>254.981</b>	<b>258.083</b>
Concession Fee Revenue payable to DOC	10.037	10.256	10.479	10.705	11.461	11.700	11.942
<b>SURPLUS / (DEFICIT)</b>	<b>142.445</b>	<b>115.699</b>	<b>168.223</b>	<b>121.549</b>	<b>109.766</b>	<b>183.528</b>	<b>159.942</b>
<b>SURPLUS / (DEFICIT) after Early Debt Retirement</b>	<b>142.445</b>	<b>115.699</b>	<b>168.223</b>	<b>121.549</b>	<b>109.766</b>	<b>183.528</b>	<b>159.942</b>
<b>NET CASH ON HAND</b>	<b>178.147</b>	<b>174.190</b>	<b>195.597</b>	<b>194.829</b>	<b>179.808</b>	<b>196.330</b>	<b>202.727</b>
DSCR (Debt Service Coverage Ratio) -> Target over 1.25 to be graded aligned with PPP availability financing	347.945	702.363	710.119	719.141	800.487	809.167	819.164
DEBT to REVENUE RATIO -> Under 1.65 times ideal for PPP financing	0.007	0.006	0.005	0.004	0.002	0.001	0.000
GEARING RATIO (Debt / Equity) -> Below 80% ideal	0%	0%	0%	0%	0%	0%	0%
<b>VISITOR VOLUMES</b>							
Self-Drive	182,652	184,574	186,501	188,434	190,373	192,309	194,239
Tour B	528,361	534,293	540,242	546,210	552,196	558,172	564,131
Other Transport Operators	503,201	508,850	514,516	520,200	525,901	531,592	537,267
Fly	69,213	69,213	69,212	69,211	69,210	69,208	69,207
<b>TOTAL Land-Based Levy-Paying Visitors</b>	<b>1,283,427</b>	<b>1,296,930</b>	<b>1,310,471</b>	<b>1,324,055</b>	<b>1,337,679</b>	<b>1,351,281</b>	<b>1,364,845</b>
Cruise Ship	31,194	28,074	26,012	26,012	26,012	26,012	26,012
<b>TOTAL LEVY-PAYING VISITORS</b>	<b>1,314,621</b>	<b>1,325,004</b>	<b>1,336,483</b>	<b>1,350,067</b>	<b>1,363,691</b>	<b>1,377,294</b>	<b>1,390,857</b>
Non-Levy Paying Visitors							
<b>TOTAL VISITORS</b>	<b>1,314,621</b>	<b>1,325,004</b>	<b>1,336,483</b>	<b>1,350,067</b>	<b>1,363,691</b>	<b>1,377,294</b>	<b>1,390,857</b>



Table 10. continued (from FY 65/66 to FY71/72)

Costs (\$millions)	FY 65/66	FY 66/67	FY 67/68	FY 68/69	FY 69/70	FY 70/71	FY 71/72
<b>CAPITAL COSTS</b>							
Piopiopi Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Milford Corridor Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Te Anau Capital Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>CAPITAL COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Land remediation provision	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Construction Contingency	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>PROVISIONS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL CAPITAL COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>REPLACEMENT CAPITAL INVESTMENTS</b>							
Asset Reinvestment using depreciation reserves	9.849	16.630	13.310	50.006	28.557	5.038	6.00
Asset Reinvestment using cash	25.843	45.566	38.060	149.173	88.827	16.333	20.2
<b>TOTAL CAPITAL REINVESTMENT</b>	<b>35.692</b>	<b>62.196</b>	<b>51.370</b>	<b>199.179</b>	<b>117.383</b>	<b>21.371</b>	<b>26.286</b>
<b>OPERATING COSTS</b>							
Piopiopi Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Milford Corridor Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.00	0.000
Te Anau Implementation Costs	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial and Legal costs to implement Masterplan	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL PROJECT OPERATING COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL PROJECT COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Depreciation	6.537	6.480	6.386	6.283	6.18	6.044	5.977
Reinvestment Depreciation expense	16.458	16.493	16.661	17.083	7.343	17.448	17.544
Capital charge							
<b>OPERATING COSTS</b>	<b>22.995</b>	<b>22.973</b>	<b>23.046</b>	<b>23.35</b>	<b>23.530</b>	<b>23.492</b>	<b>23.521</b>
<b>TOTAL ONE-TIME FUNDING REQUIREMENTS</b>	<b>22.995</b>	<b>22.973</b>	<b>23.046</b>	<b>23.365</b>	<b>23.530</b>	<b>23.492</b>	<b>23.521</b>
<b>ONGOING OPERATING COSTS</b>							
Entity Operating Costs	18.414	18.782	19.158	19.541	19.932	20.331	20.737
Piopiopi Ongoing Costs	6.390	6.518	6.649	6.782	6.917	7.056	7.197
Milford Corridor Ongoing Costs	7.449	7.598	7.750	7.905	8.063	8.224	8.389
Te Anau Ongoing Costs	1.035	1.056	1.077	1.098	1.120	1.143	1.166
Crown note interest and principal repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commercial Borrowing Interest Expense and Principal Repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Refinancing	0.000	0.0	0.000	0.000	0.000	0.000	0.000
Early Principal Repayment	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Conservation and Environment Fund	179.000	161.8	198.990	89.488	151.301	226.408	225.475
<b>TOTAL OPERATING COSTS</b>	<b>33.289</b>	<b>3.954</b>	<b>34.633</b>	<b>35.326</b>	<b>36.033</b>	<b>36.753</b>	<b>37.488</b>
<b>TOTAL FUNDING REQUIRED BEFORE EARLY DEBT REPAYMENT</b>	<b>82.127</b>	<b>102.493</b>	<b>95.740</b>	<b>207.865</b>	<b>148.389</b>	<b>76.578</b>	<b>81.291</b>
<b>TOTAL FUNDING REQUIRED</b>	<b>82.27</b>	<b>102.493</b>	<b>95.740</b>	<b>207.865</b>	<b>148.389</b>	<b>76.578</b>	<b>81.291</b>
<b>FUNDING SOURCES</b>							
Visitor Levy Revenue	252.755	255.419	285.646	288.607	291.578	294.605	297.666
Levy Transport Subsidy	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Revenue from operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interest earned on cash balances	8.372	8.762	9.083	8.745	8.112	8.381	9.100
Cash from repayable Crown note	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash from borrowings	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PFI / other 3rd party funding for asset construction	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>TOTAL INCOME</b>	<b>261.127</b>	<b>264.181</b>	<b>294.730</b>	<b>297.353</b>	<b>299.690</b>	<b>302.986</b>	<b>306.766</b>
Concession Fee Revenue payable to DOC	12.188	12.439	13.305	13.569	13.837	14.111	14.389
<b>SURPLUS / (DEFICIT)</b>	<b>179.000</b>	<b>161.688</b>	<b>198.990</b>	<b>89.488</b>	<b>151.301</b>	<b>226.408</b>	<b>225.475</b>
<b>SURPLUS / (DEFICIT) after Early Debt Retirement</b>	<b>179.000</b>	<b>161.688</b>	<b>198.990</b>	<b>89.488</b>	<b>151.301</b>	<b>226.408</b>	<b>225.475</b>
<b>NET CASH ON HAND</b>	<b>215.874</b>	<b>222.217</b>	<b>231.953</b>	<b>205.312</b>	<b>200.286</b>	<b>218.740</b>	<b>236.256</b>
DSCR (Debt Service Coverage Ratio) - >> Target over 1.25 to be graded aligned with PPP availability financing	0.000	0.000	0.000	0.000	0.000	0.000	0.000
DEBT to REVENUE RATIO - >> Under 1.65 times ideal for PPP financing	0.000	0.000	0.000	0.000	0.000	0.000	0.000
GEARING RATIO (Debt / Equity) - >> Below 80% ideal	0%	0%	0%	0%	0%	0%	0%
<b>VISITOR VOLUMES</b>							
Self-Drive	196,176	198,118	200,058	202,001	203,950	205,934	207,940
Tour B	570,108	576,104	582,092	588,092	594,106	600,228	606,412
Other Transport Operators	542,960	548,671	554,374	560,088	565,815	571,645	577,535
Fly	69,207	69,206	69,206	69,206	69,207	69,214	69,224
<b>TOTAL Land-Based Levy-Paying Visitors</b>	<b>1,378,451</b>	<b>1,392,099</b>	<b>1,405,730</b>	<b>1,419,387</b>	<b>1,433,077</b>	<b>1,447,021</b>	<b>1,461,112</b>
Cruise Ship	26,012	26,012	26,012	26,012	26,012	26,012	26,012
<b>TOTAL LEVY-PAYING VISITORS</b>	<b>1,404,463</b>	<b>1,418,111</b>	<b>1,431,742</b>	<b>1,445,399</b>	<b>1,459,089</b>	<b>1,473,033</b>	<b>1,487,124</b>
Non-Levy Paying Visitors							
<b>TOTAL VISITORS</b>	<b>1,404,463</b>	<b>1,418,111</b>	<b>1,431,742</b>	<b>1,445,399</b>	<b>1,459,089</b>	<b>1,473,033</b>	<b>1,487,124</b>



Table 10. continued (from FY72/73 to FY74/75)

Costs (\$millions)	FY 72/73	FY 73/74	FY 74/75	Total 50 years
<b>CAPITAL COSTS</b>				
Piopiota Capital Costs	0.000	0.000	0.000	283.786
Milford Corridor Capital Costs	0.000	0.000	0.000	212.360
Te Anau Capital Costs	0.000	0.000	0.000	49.774
<b>CAPITAL COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>545.920</b>
Land remediation provision	0.000	0.000	0.000	25.517
Construction Contingency	0.000	0.000	0.000	20.555
<b>PROVISIONS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>46.072</b>
<b>TOTAL CAPITAL COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>591.992</b>
<b>REPLACEMENT CAPITAL INVESTMENTS</b>				
Asset Reinvestment using depreciation reserves	34,510	13,633	19,259	734.175
Asset Reinvestment using cash	121,405	49,931	73,409	1,367.636
<b>TOTAL CAPITAL REINVESTMENT</b>	<b>155,916</b>	<b>63,564</b>	<b>92,668</b>	<b>2,101.811</b>
<b>OPERATING COSTS</b>				
Piopiota Implementation Costs	0.000	0.000	0.000	0.000
Milford Corridor Implementation Costs	0.000	0.000	0.000	0.000
Te Anau Implementation Costs	0.000	0.000	0.000	0.000
Commercial and Legal costs to implement Masterplan	0.000	0.000	0.000	31.888
<b>TOTAL PROJECT OPERATING COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>31.888</b>
<b>TOTAL PROJECT COSTS</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>623.880</b>
Depreciation	5,977	5,977	5,977	485.564
Reinvestment Depreciation expense	17,522	17,540	17,534	487.992
Capital charge				0.0 0
<b>OPERATING COSTS</b>	<b>23,499</b>	<b>23,517</b>	<b>23,511</b>	<b>1,005.445</b>
<b>TOTAL ONE-TIME FUNDING REQUIREMENTS</b>	<b>23,499</b>	<b>23,517</b>	<b>23,511</b>	<b>1,5 37</b>
<b>ONGOING OPERATING COSTS</b>				
Entity Operating Costs	21,152	21,575	22,007	697.200
Piopiota Ongoing Costs	7,341	7,487	637	212.761
Milford Corridor Ongoing Costs	8,556	8,727	8,902	263.225
Te Anau Ongoing Costs	1,189	1,213	1,237	35.964
Crown note interest and principal repayment	0.000	0.000	0.000	15.905
Commercial Borrowing Interest Expense and Principal Repayment	0.000	0.000	0.000	239.342
Debt Refinancing	0.000	0.000	0.000	47.984
Early Principal Repayment	0.000	0.000	0.000	0.000
Conservation and Environment Fund	159,841	234,002	213,576	4,753.507
<b>TOTAL OPERATING COSTS</b>	<b>38,23</b>	<b>39,003</b>	<b>39,783</b>	<b>1,512.381</b>
<b>TOTAL FUNDING REQUIRED BEFORE EARLY DEBT REPAYMENT</b>	<b>183 42</b>	<b>112,452</b>	<b>136,703</b>	<b>4,477,454</b>
<b>TOTAL FUNDING REQUIRED</b>	<b>183 142</b>	<b>112,452</b>	<b>136,703</b>	<b>4,477,454</b>
<b>FUNDING SOURCES</b>				
Visitor Levy Revenue	333,753	337,246	340,789	8,809.810
Levy Transport Subsidy	0.000	0.000	0.000	0.000
Revenue from operations	0.000	0.000	0.000	0.000
Interest earned on cash balances	9,230	9,207	9,490	263.152
Cash from repayable Crown note	0.000	0.000	0.000	59.000
Cash from borrowings	0.000	0.000	0.000	99.000
PFI / other 3rd party funding for asset constru	0.000	0.000	0.000	0.000
<b>TOTAL INCOME</b>	<b>342,983</b>	<b>346,454</b>	<b>350,279</b>	<b>9,230,961</b>
Concession Fee Revenue payable to DO	15,385	15,681	15,982	395.117
<b>SURPLUS / (DEFICIT)</b>	<b>159,841</b>	<b>234,002</b>	<b>213,576</b>	
<b>SURPLUS / (DEFICIT) after Early Debt Retirement</b>	<b>159,841</b>	<b>234,002</b>	<b>213,576</b>	
<b>NET CASH ON HAND</b>	<b>225,245</b>	<b>235,129</b>	<b>239,381</b>	
<b>DSCR (Debt Service Coverage Ratio) - &gt;&gt; Target over 1.25 to be graded aligned with P availability financing</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	
<b>DEBT to REVUE RATIO - &gt;&gt; Under 1.65 times ideal for PPP financing</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	
<b>GEAR RATIO (Debt / Equity) - &gt;&gt; Below 80% ideal</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	
<b>VISITOR VOLUMES</b>				
Sea Drive	209,974	212,034	214,122	
Tour Bus	612,684	619,034	625,467	
Other Transport Operators	583,509	589,556	595,683	
Fly	69,240	69,259	69,283	
<b>Total Land-Based Levy-Paying Visitors</b>	<b>1,475,407</b>	<b>1,489,883</b>	<b>1,504,557</b>	
Cruise Ship	26,012	26,012	26,012	
<b>TOTAL LEVY-PAYING VISITORS</b>	<b>1,501,419</b>	<b>1,515,895</b>	<b>1,530,569</b>	
Non-Levy Paying Visitors				
<b>TOTAL VISITORS</b>	<b>1,501,419</b>	<b>1,515,895</b>	<b>1,530,569</b>	



# 05 COMMERCIAL CASE



# 05. COMMERCIAL CASE

The purpose of this commercial case is to establish the optimal approach for delivering the preferred way forward for Option 4. It sets the commercial principles that will be used to guide delivery.

## THE CASE SETS OUT:

- 1 The scope of investments and works proposed
- 2 The role of parties in delivering works
- 3 How the preferred option impacts on existing operators and concessionaires
- 4 Commercial arrangement proposed including for concessions
- 5 Commercial risks and how they are allocated
- 6 Intentions for future procurement
- 7 A current market assessment



## 5.1 Commercial strategy

This commercial case sets out the delivery arrangements to support the preferred option. This includes how it is proposed to work with existing concessionaires and the approach to proposed new investment.

### KEY POINTS

- 1 The proposed infrastructure and conservation works are broad in nature and need to be delivered in one of the most remote and pristine geographical environments in New Zealand.
- 2 The proposed investment plan approach offers a range of programme level benefits that will significantly enhance the efficiency, cost effectiveness and contribute to the overall success of the programmed investment in a challenging delivery environment.
- 3 Concession arrangements in Fiordland National Park are complex, with concessions governing a wide range of operators and activities, including a small number of significant concessionaires who have longstanding arrangements. The preferred option has implications and creates opportunities for both existing and new private sector concessionaires.
- 4 Option 4 (the preferred option) presents a significant opportunity to enable private enterprise, competition, and innovation in the delivery of world class visitor experience in an area of immense conservation and environmental value and natural hazard risk.
- 5 The delivery entity has a range of choices for how it leverages these opportunities including Build/Own/Operate, Shared Risk Alliance, Right to Operate, Leaseback, Private Ownership.
- 6 A strategic approach to allocating concessions will represent a significant shift from current practice and a significant opportunity to lift the performance of current operators and the confidence within which they are able to invest.
- 7 Preliminary procurement timeline anticipates early works in the corridor followed by works in Piopiotahi. This phased and staged approach also enables the market to respond appropriately and across a prioritised ten-year horizon.

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## The proposed infrastructure and conservation works are broad and need to be delivered in one of the most remote and pristine geographical environments in New Zealand

The spatial plan and proposed investments represent the most significant shift to the available infrastructure in Piopiotahi Milford Sound in more than a generation. The proposed investments represent a generational opportunity to protect and enhance the place,

its importance to mana whenua, all New Zealanders, and the tourism operators who rely on its international appeal for their prosperity. The preferred option would also reduce the risk and impacts of natural disasters and unlock significant funding to be applied to biodiversity and conservation activities.

Delivering Option 4 will provide a suite of commercial opportunities to a range of partners and businesses, from mana whenua to infrastructure developers and operators, as well as tourism operators, conservationists, and the local community.

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## An asset management and investment plan spanning at least the next ten years should be developed to guide implementation

As the proposed changes are envisaged to be delivered over a time period of at least ten years, the programme is proposing a new Piopiotahi Investment and Delivery Entity to manage the delivery of proposed works, and to develop and implement a long-term asset management plan (Piopiotahi Special Amenities Area and Investment Plan), which will guide decisions like when to construct assets, and how potential partners may be involved.

We propose the Piopiotahi Investment and Delivery Entity develops this investment plan, which would outline the planned investment, and would be similar to the long-term plans used to outline local authority expenditure on services and assets.

The Piopiotahi Special Amenities Area and Investment Plan would be developed and owned by the entity and updated every three years.

It could also be used to build pipeline certainty for future investment opportunities and inform potential infrastructure partners and tourism operators with interests in Piopiotahi Milford Sound and the broader region.

This approach would also help to manage potential capacity and capability issues that may arise in the development and introduction of new infrastructure assets throughout Fiordland.

This plan would also include the approach to funding investments that protect, enhance and restore the natural environment in the Fiordland National Park and associated marine area.

This integrated planning approach would enable a much better and more coordinated approach to assessing seismic and other natural disaster risks and the degree to which they can be mitigated through physical works.



## A phased approach helps to manage risks and minimise the impact on visitors

It is anticipated that a phased approach would be taken to implementing Option 4, including staging investment in assets and services. Phasing investment has several advantages, including:

- > **Risk management:** By dividing the proposed investment programme into manageable stages or phases, the complexity and associated risks of each part can be better controlled. This includes risks associated with the physical environment, fragile ecosystems, and seismic and other natural disaster related risks.
- > **Financial control:** Staging and phasing help in spreading the financial impact over a longer period, which is important for budget and cashflow management. The checks and balances associated with the proposed IVAC arrangements limit the benefits of this for MOP, however it still has relevance when considered against other factors.
- > **Responsive management:** Implementing the proposed investment plan in stages allows for the integration of lessons learned and community and stakeholder feedback.
- > **Reduced disruption:** The proposed investment activity will be disruptive for the community, tourism operators and international visitors. By focusing initial investment activity in the corridor, we can offer value to commercial operators (through new opportunities) and to visitors (through new experiences) prior to the village being disrupted.

- > **Flexibility:** Notwithstanding the feasibility work undertaken to date, we expect delivery will require the management of key uncertainties including the timing of legislation, the rate and timing of the IVAC, and the success or otherwise of relevant commercial negotiations and arrangements. This will require a flexible approach.
- > **Capacity and capability:** By planning a project in phases, limited capacity and capability can be allocated more efficiently, and an asset plan can help to build pipeline certainty for potential commercial partners. Effective planning can mitigate issues such as a lack of available supply of materials and limited availability of skilled project managers to support construction, especially in a remote area.

A significant number of parties are involved in the delivery of tourism experience, conservation activities and infrastructure in Piopiotahi Milford Sound which is why a new management approach is recommended to strengthen the delivery focus. These are examined comprehensively in the Management Case.

## 5.2 Concessions approach

The preferred option has implications and creates opportunities for both existing and new private sector concessionaires.

### Concessions are permissions granted under the Conservation Act 1987.

A concession draws on the concept of an ordinary real property right but modifies it to create an authorisation that enables and regulates use of the national park.

Concessions take the form of lease, licence, permit or easement but are granted by the Minister through a defined process, with parameters set in legislation (such as length of term, key conditions etc). This has been reflected in the legal advice that any improper interference with concessions could be legally challenged.

Concessions play an important role within the Fiordland National Park including:

- > **Delivering effective land management**  
ensuring that any activities maintain the values of public conservation land. They enable DOC to control which activities can occur inside the National Park, assess any adverse effects and apply conditions necessary for the activity to take place.

- > **Providing well-governed access opportunities**

enabling appropriate private use and development of public conservation land. A clearly regulated environment gives legitimacy to that use, provides a reasonable level of certainty to concessionaires, and clarifies responsibilities

- > **Securing a fair return to the public from private use and development of a public asset**

this is typically done through payment of a royalty by the concessionaire when the use of public conservation land results in commercial gain. DOC generally refers to these royalties as activity fees.

- > **Clarifying public and private entitlements and responsibilities**

concession agreements clarify entitlements and responsibilities for both parties in situations where both DOC and the concessionaire have interests and duties relating to an activity. This is particularly useful when it comes to clarifying risks and responsibilities related to natural disasters.

### Concession arrangements in Fiordland National Park are complex, with concessions governing a wide range of operators and activities, including a small number of significant concessionaires who have longstanding arrangements.

DOC holds all detail on concession arrangements. The information held is of variable quality and completeness. Each concession arrangement is unique and often

contains bespoke conditions, with approvals of new and renewed concessions happening at a regional level. Analysis has been undertaken of current concession arrangements to assess the potential impact of implementing the preferred option, Option 4.

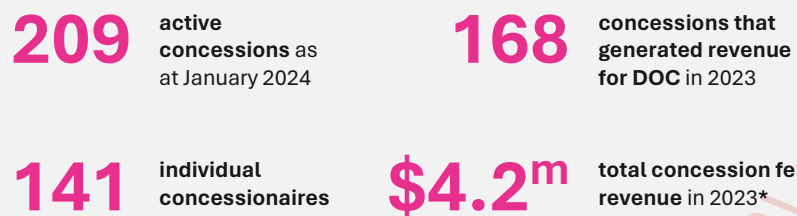
The large number of active concessions and the interconnected nature of those concessions means commercial arrangements will need to be approached with careful consideration including the design of new opportunities that will be able to be delivered by concessionaires. Note that DOC was only able to supply concession data up to 2020 and a full legal due



diligence is required to confirm the data with a higher degree of confidence.

Figure 1

Overview of concession arrangements in Piopiotahi:\*



\*Decisions on specific concession arrangements are made independently through conservation regulatory processes. The concessions data system does not enable information on the exact nature of the activity and its location to be easily ascertained. The figure for fee revenue is an indicative estimate of annual fee revenue for 2023 given reporting approaches are variable and inconsistent. Given these challenges, legal due diligence is required to ascertain numbers with a high degree of confidence.

Concessions arrangements are interconnected, as individual tourist operators can be required to obtain multiple concessions to deliver visitor experiences. Some operators own and control enabling infrastructure and also operate visitor activities utilising that infrastructure through interconnected ownership structures. These operators are delivering a popular range of visitor experiences, however some community groups and smaller operators are seeking a more 'level playing field' and the ability to provide tourism services in the area.

**“it’s unfair and we haven’t had a concession since 2018. Management of the place has to change – you’ve got to break the current stranglehold”**

— small / medium business owner

Ngāi Tahu has also expressed concern about the current way in which concessions are managed in the area and an interest in providing greater tourism services consistent with their wider aspirations.

**“any changes to concession arrangements must not erode or impact Ngāi Tahu rights and interests under existing Piopiotahi concessions or concessions that are secured between now and the implementation of a new regime. Such changes must also build on section 4 (of the Conservation Act 1997) and extant case law – they should seek to solidify a right of preference for mana whenua and further ensure their economic aspirations”**

— Te Runānga o Ngāi Tahu, Letter to MOP Unit, 05 May 2023

**Table. 1 Summary of concessions arrangements**

Area	Summary of concessions arrangements
Freshwater Basin	Wharf, visitor center/terminal owned and operated by MSTL. Carpark operated by MSTL. Facilities sublicensed to cruise operators. Approximately 6 operators undertake day trip cruises.
Visitor village	Single lease held by Tourism Milford Ltd for offices and sales center, Mitre Peak lodge, petrol pump, café, information facilities and public toilets. Carparks operated by MSTL.
Deepwater basin	DOC owns wharf with Fiordland Lobster Company holding head lease and administering use. Used for commercial fishing, kayaking and scuba diving.
Staff accommodation	12 staff accommodation concessions held by 11 concessionaires primarily located in the Cleddau Delta.
Infrastructure	MSTL owns and operates three waters services, toilets, walkways, information structures, rubbish and recycling. Services recovered through operator levies. Milford Power Holding operates hydro power scheme and fuel facilities.
Corridor	Milford Lodge visitor accommodation and café/restaurant located before entrance to Piopiotahi Milford Sound, and accommodation/retail facility at Knobs Flat operated by Eglinton Experiences Ltd (MSTL).
Bus and Coach	Single concession held by Bus and Coach Association with use by members of the Association, with four other concessionaires.
Guiding	65 concessions across walking, hiking, and other guiding activities.
Aerodrome	42 landing/take off concessions, and other miscellaneous concessions for control tower, storage and fuel.
Structures	Approximately 26 structures concessions including offices at Deepwater Basin, commercial storage facilities, fuel tank, weather station, communications hut and emergency response.
Miscellaneous	Approximately 53 concessions comprising telecommunications, berthing and boat transport, photography, and various easements/right of ways, and research related permissions.

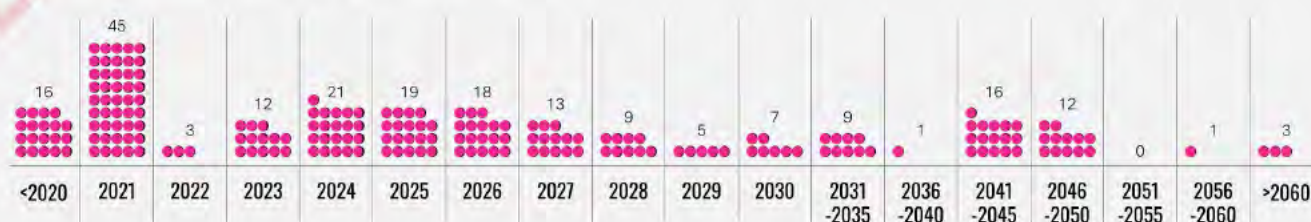
Current concession arrangements have a number of features that should inform the commercial strategy.

#### Legacy arrangements

Current concession arrangements in Piopiotahi Milford Sound are the result of legacy

arrangements (including pre-Conservation Act). This includes the granting of some significant concessions in the early 1990s for 30-year terms, with limited changes in conditions since then to respond to growth in visitor numbers or changing expectations regarding environmental management.

**Figure 2. Concession expiry dates in Piopiotahi**





- > **Fees are variable**  
Approaches to fee setting under concession arrangements are inconsistent and do not always reflect the value of the rights provided to concessionaires.
- > **Conditions required of concessionaries are often not directed to strategic outcomes**  
Conditions typically do not align to MOP outcomes relating to a world class visitor experience, management of visitor flows, and funding conservation. There are limited expectations that relate to the visitor experience, visitor management, or funding conservation other than those related to the broad parameters of the concessioned

activity such as the description of the activity and the area where it can be undertaken.

“

**Currently we are paying good money but we're not seeing anything coming out of it. Not seeing any long-term investment.”**

- Tourism operator

A summary of current concessions, based on data supplied by DOC, is set out in appendix 5.1.

## Implementation of Option 4 will create new concessions opportunities for operators

The significant investment envisaged by Option 4 will open a range of new business opportunities, enabled by new concessions, for private enterprises to deliver.

**Table 2. New opportunities under Option 4**

<b>Guiding</b>	<ul style="list-style-type: none"> <li>&gt; Additional walking tracks developed along the corridor, accessible short walks, that provide new and expanded opportunities for guided tours</li> <li>&gt; A new cycle trail along the corridor, from Te Anau Downs to Cascade Creek, passing accommodation services at Knobs Flat, which will support cycle hiring, guided tours and hospitality opportunities</li> </ul>
<b>Accommodation</b>	<ul style="list-style-type: none"> <li>&gt; New visitor accommodation at Knobs Flat</li> <li>&gt; Development of campsites at Kiosk Creek, Upper Eglinton, Totara and Smithy Creek</li> <li>&gt; Enhancement of existing Cascade Creek campsite</li> </ul>
<b>Visitor experience</b>	<ul style="list-style-type: none"> <li>&gt; Opportunities for food vendors at Piopiotahi Milford Sound visitor center, Knobs Flat and Deepwater Basin</li> <li>&gt; Cultural landscape experience at Cascade creek</li> <li>&gt; New mountain biking experiences, especially along cycle trail</li> <li>&gt; Kayaking experiences at Deepwater Basin</li> <li>&gt; Dark sky experience opportunity</li> <li>&gt; New cultural experiences throughout including at Whakatipu Super Track Head Node</li> </ul>
<b>Transport</b>	<ul style="list-style-type: none"> <li>&gt; New transport operators to meet demand for different visitor segments and new park experiences</li> <li>&gt; Carparking management</li> </ul>

Option 4 will impact current concessionaires to different degrees

The preferred option introduces a significant shift in the visitor management approach at Piopiotahi Milford Sound, including a reduced

Table 3 sets out the nature of the impacts on existing concessionaires that would be brought about under the preferred option.

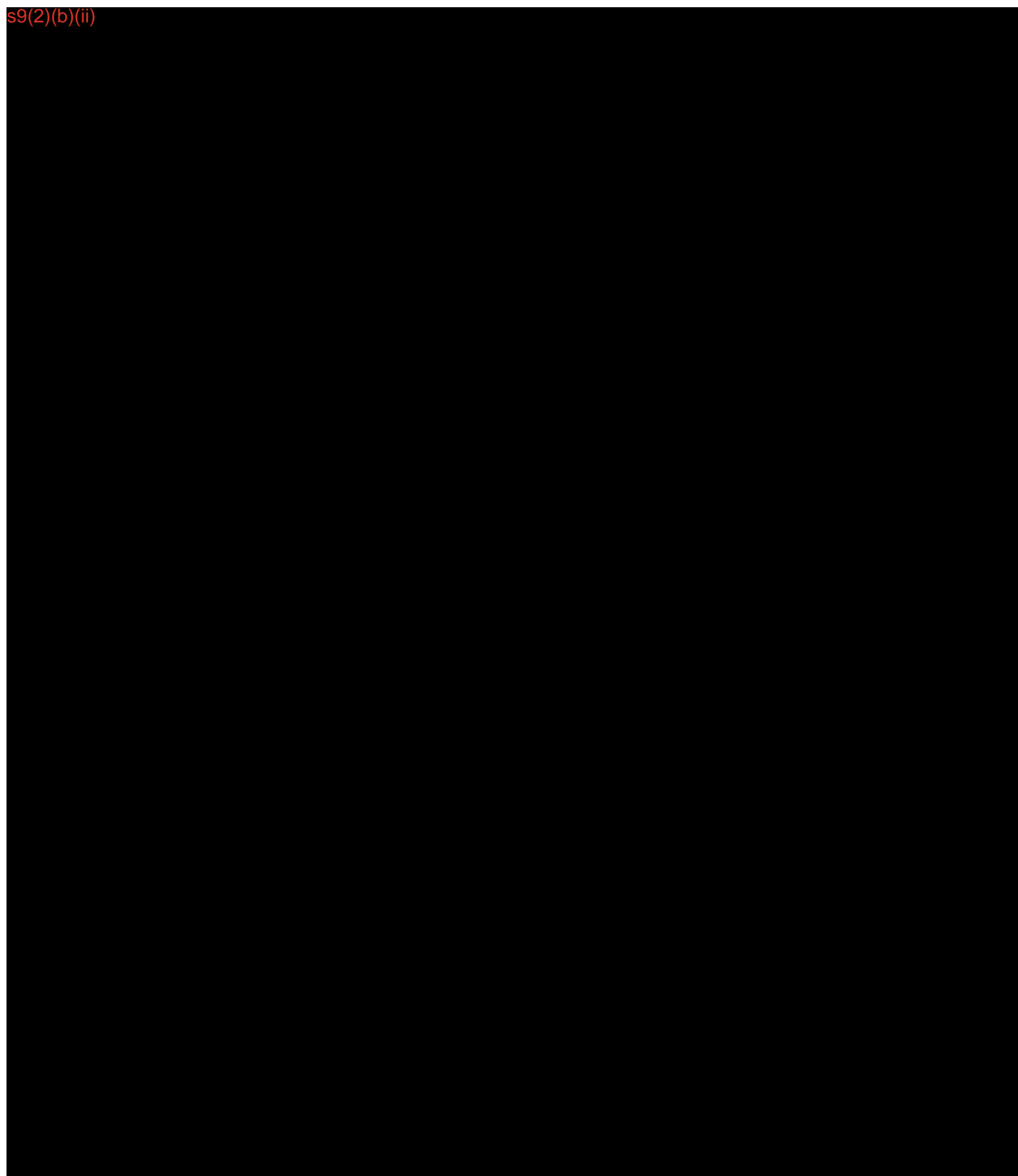
footprint in Piopiotahi village itself to manage natural hazard risks and reduce congestion. This approach will have a material impact on existing concessionaires, especially those with an ownership interest in the hotel and visitor centre and core infrastructure within Piopiotahi itself.

**Table 3: Indicative impacts of the preferred option on concessioned activities**

s9(2)(b)(ii)



s9(2)(b)(ii)



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## The proposed shift in concessions management require concessionaires to change, adapt and align to the vision of a world class visitor experience

The proposed shift in how concessions are managed will provide a more effective means of supporting existing and prospective concession holders to adapt to the nature and scale of these impacts. This more strategic approach will be welcomed by many concessionaires, who are frustrated by the limits from the current concessions approach.

Under the preferred approach, concession terms and conditions would be aligned with the shared vision for management of Piopiotahi Milford Sound. The approach to allocating concessions would be focused on achieving shared outcomes with competitive processes used to award concessions for key activities, and criteria being applied to ensure concession are allocated to the operator best able to meet the vision on the best conditions possible. Concession conditions would be focused on ensuring that key aspects of the activity are aligned with the wider strategy for the area, with monitoring of compliance with conditions in place for key activities

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## A more strategic and collaborative approach, brought in over time is recommended

“

**The current concession framework has many issues and the process needs addressing... Businesses need to feel supported to be the catalyst for change in this system. Operators also need consistency and reliability to enable investment in the place.”**

*Tourism expert*

The Board agreed six principles to inform the approach to working with concessionaires during the transition to new arrangements. These were that the transition should:

1. be open, fair and transparent
2. ensure that concessions granted deliver positive outcomes for Piopiotahi Milford Sound and New Zealand
3. be Treaty responsive, informed by the implications of the Ngāi Tai decision
4. provide certainty to existing concessionaires as soon as possible
5. recognise the contribution concession holders have made and the desire to take a collaborative approach in the future
6. support new commercial opportunities to introduce greater competition, innovation and performance while aiming to minimise unavoidable negative commercial impacts on existing concessionaires.

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## Implementation of Option 4 will require careful management of existing concessions in the area during the transition to new arrangements

Implementation of the Milford Sound Masterplan will require the amendment,

modification, or potentially termination of a small number of concession arrangements with potential impacts on the rights associated with these concessions. Analysis in support of Option 4 has confirmed that the current regulatory system does not provide sufficient flexibility to make the kinds of changes envisaged. For that reason, legislation that



enables amendment, modification or potential termination may be required.

#### The current legislative framework will require amendment

The Conservation Act enables conditions to be changed by agreement, through application by the concessionaire, or through unilateral changes by the Minister in limited circumstances with a high risk that any such decisions would be legally challenged. This means the circumstances for changing conditions during the life of a concession are limited, unless agreed to by the concessionaire.

As a result:

- > Current legislative provisions may be insufficient to support a negotiated outcome, with failure to find a timely resolution resulting in delaying works.
- > If acquisition is required, it would need to be authorised by legislation that provides for a fair procedure and compensation to reflect the impact on property rights.

s9(2)(b)(ii)

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## The impact on other concessionaires is likely to be minor, but may still be disruptive and certainty should be provided as soon as possible

Analysis of the remaining redevelopment proposals could likely be achieved without the need for major changes to concession arrangements.

There are a small number of concessions that could significantly slow key parts of the proposed redevelopment of Piopiotahi, for

example preventing changes for up to 25 years. While the term of these concessions is pending final determination, if they are granted for a medium to long-term, any redevelopment would be reliant on voluntary agreement by the concessionaires who may seek compensation or outright refuse. In addition, while the concessions arrangements have the effect of contractual arrangement between DOC and the concessionaire, there are other parties to the statutory decision-making process who have interests that are relevant, which could complicate negotiations.

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## A range of commercial transition approaches have been considered for those concessions that are materially impacted, but the most feasible approach requires legislative amendment

We have considered the approach to managing impacts on concessionaires. A summary of the options considered is set out below.

1. **Introduce proposals when concessions expire** – this approach avoids impacting existing rights of concessionaires but would involve significant delays in implementing the preferred option given some concessions have lengthy terms still to run. This may need to be supported by an intervention to prevent expired concessions from being granted. Interventions may include changes to the FNMP or introducing a bylaw that enables the deferral of decisions on pending concessions. This option would introduce significant uncertainty for concession holders and potentially legal risk for DOC.
2. **Negotiate change** - this avoids impacts on existing rights as any change would be voluntary but is reliant on reaching agreement with concessionaires. This approach is enabled by the Conservation Act, which permits changes to existing

concessions to be agreed where the change is minor or reduces the effects, but otherwise a new concession must be applied for.

3. **Impose changes based on the Conservation Act – S17ZC** of the Conservation Act enables the Minister to impose changes in limited circumstances. Concessions must also comply with the FNPNP so changes could be introduced this way, although legal advice has highlighted this approach has limited utility and is high risk. While some concessions may qualify for imposed changes via these avenues, there is a general assumption they could not apply but requires further detailed consideration.
4. **Compulsory acquire under the Public Works Act 1981 (PWA)** – the PWA provides for the compulsory acquisition of property rights where necessary for public works. This option could potentially be used to acquire key concessions, although legislative change may be required to enable this.
5. **Introduce with bespoke legislation** – legislation could be used to introduce changes regardless of what concessions provide (due to Parliamentary sovereignty). This means the proposals could be implemented with certainty but would need to carefully consider the impacts on individual concessionaires. Any such



amendment may involve ensuring a rigorously fair procedure, good justification

for alternation of property rights and compensation.

Precedents for managing transitions of this type exist under the Public Works Act and this option could be examined in the context of other legislative proposals and options set out above

Certainty of change could be achieved by using commercial acquisition processes for the key concessions impacted by Option 4 to enable the

development. This follows well-established precedent provided in the Public Works Act 1981 which enables compulsory acquisition of property rights for significant government work. As concessions are akin to property rights, this approach needs to be carefully managed. This process mitigates these impacts through a negotiation, valuation and compensation process with checks and balances on acquisition powers.

The Public Works Act 1981 gives the Crown power to acquire land from private landowners for public works. Public works may include works such as roads, schools, police stations and railways. The Minister for Land Information and Toitū Te Whenua are responsible for administering the Public Works Act.

The Public Works Act sets out a process that must be followed to make sure the rights of private landowners are protected, and the Crown can ensure public works go ahead. Objections are heard by the Environment Court, and the Land Valuation Tribunal can be used to make determinations on valuation disputes.

Figure 3 - The general acquisition process

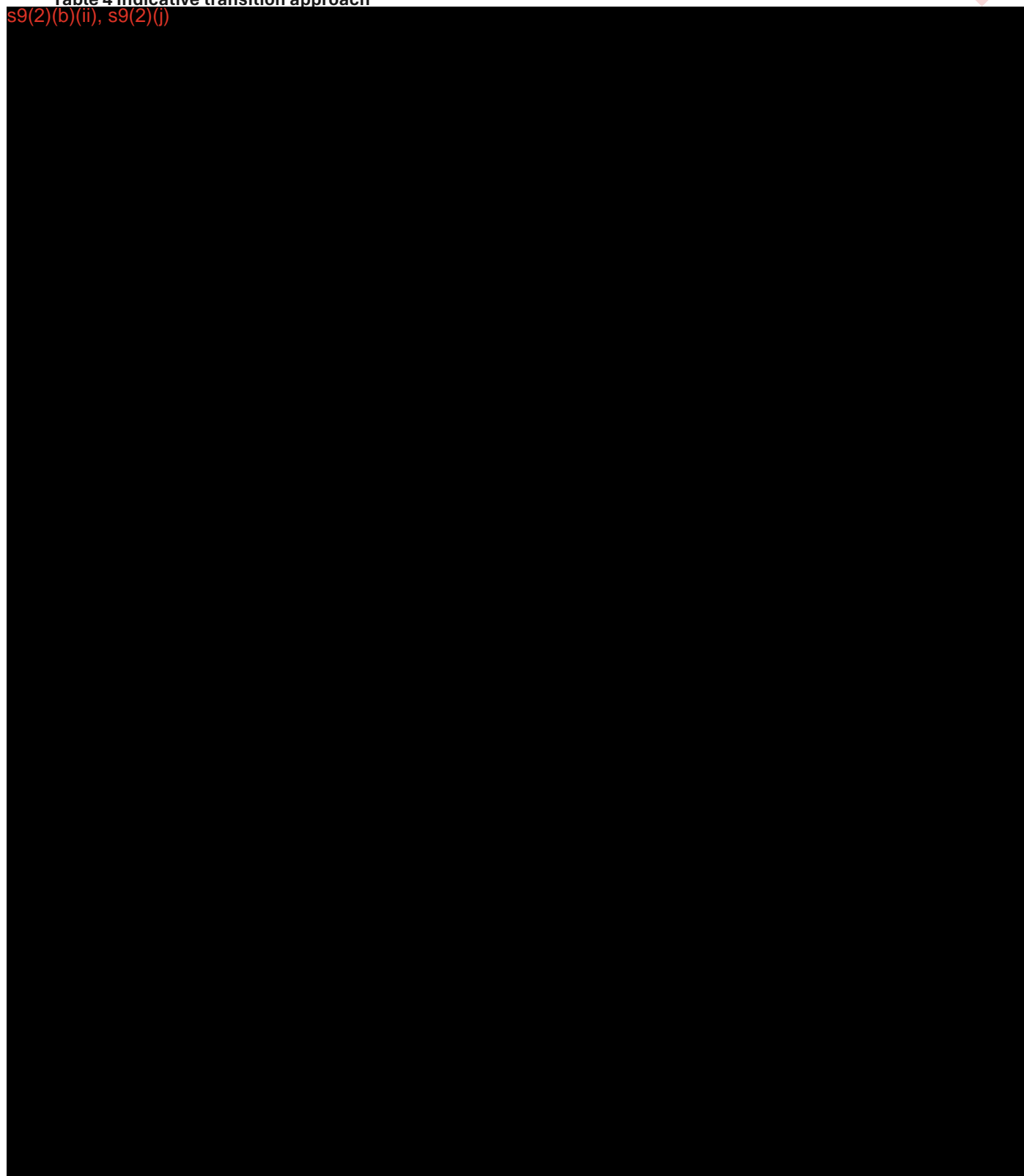


The transition will require a careful commercial approach for each concession and impacted concessionaires

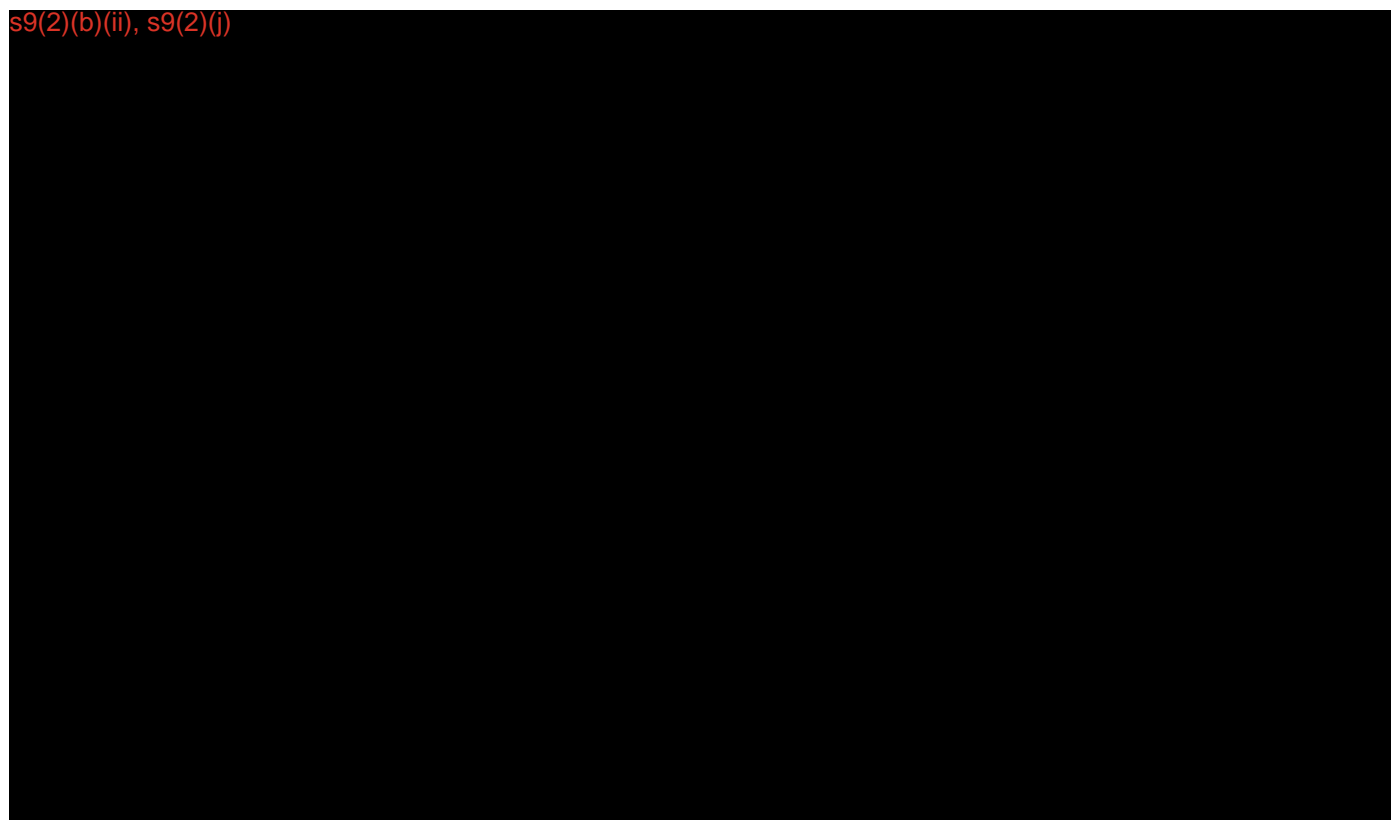
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Table 4 Indicative transition approach

s9(2)(b)(ii), s9(2)(j)







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## 5.3 Approach to determining ownership and operational control arrangements

This section outlines the overall commercial approach that the programme proposes to take to developing and managing assets across Piopiotahi and the broader corridor, and provides an initial view of the proposed contracting, development, and management approach for these assets.

1	Option 4 (the preferred option) presents a significant opportunity to enable private enterprise, competition and innovation in the delivery of world class visitor experience in an area of immense conservation and environmental value and natural hazard risk.
2	The delivery entity has a range of choices for how it leverage these opportunities including Build/Own/Operate, Shared Risk Alliance, Right to Operate, Leaseback, Private Ownership.
3	The proposed investment plan approach offers a range of programme level benefits that will significantly enhance the efficiency, cost effectiveness and contribute to the overall success of the programmed investment in a challenge delivery environment.
4	A strategic approach to allocating concessions will represent a significant shift from current practice and a significant opportunity to improve the performance of current operators and the confidence within which they are able to invest.
5	Preliminary procurement timeline anticipates early works in the corridor followed by works in Piopiotahi. This phased and staged approach also enables the market to respond appropriately and across a prioritised ten-year horizon.



The preferred option presents a significant opportunity to enable private enterprise, competition, and innovation while managing risks.

The proposed investment to improve visitor experience, mitigate negative environmental and conservation effects, and manage natural hazard risk provides a platform for thinking differently about who provides what services.

In determining new opportunities for investment, competition, and innovation we have taken a first principles approach in determining which opportunities lend themselves more readily to private provision vs public provision under Option 4.

Using this approach, we have classified proposed assets, services, and proposed activities into a list that considers whether they should be publicly owned and operated, or owned and operated through the private sector, either through a concession or some other type of contracting arrangement.

**Table 5. Indicative assessment of activities**

Category	Assets or Services	Relevant delivery option considerations
<b>Rival and Non-Excludable</b> <i>A rival good is a good or service that can only be possessed or consumed by a single user. Most consumer goods are considered rival goods.</i>	<ul style="list-style-type: none"> <li>&gt; shelters</li> <li>&gt; free carparks</li> <li>&gt; boat ramp access (Deepwater)</li> <li>&gt; toilets</li> </ul>	<ul style="list-style-type: none"> <li>&gt; public good – should be provided by government<sup>1</sup></li> </ul>
<b>Rival and Excludable</b> <i>An excludable good or service is a good or service that individuals can be excluded from or prevented from using, typically through price or other restrictions.</i>	<ul style="list-style-type: none"> <li>&gt; carparks (Paid)</li> <li>&gt; transport activities and services (ie, bus or i transport)</li> <li>&gt; food operations</li> <li>&gt; cruise activities</li> <li>&gt; visitor accommodation</li> <li>&gt; experiences / offerings on walking tracks or on water, such as guiding or kayaking</li> <li>&gt; retail activities</li> <li>&gt; berths</li> <li>&gt; staff accommodation</li> <li>&gt; wharves</li> </ul>	<ul style="list-style-type: none"> <li>&gt; private good – should be allocated under commercial arrangements</li> <li>&gt; nature of service</li> <li>&gt; length of investment decision</li> <li>&gt; underlying nature of relationship with Crown Land</li> <li>&gt; degree of specialist expertise required</li> <li>&gt; level of anticipated competition from new entrant</li> <li>&gt; ability to generate revenue from the investment on a standalone basis</li> </ul>
<b>Non-Rival and Non-Excludable</b> <i>A non-rival good or service is a good or service that can be consumed or possessed by multiple users. A non-excludable good or service is a good or service that individuals can not generally be excluded from consuming or enjoying – for example, the outdoors, or swimming in the sea are examples of activities that would generally be non-excludable.</i>	<ul style="list-style-type: none"> <li>&gt; road infrastructure</li> <li>&gt; visitor centres</li> <li>&gt; walking tracks</li> <li>&gt; interpretive signs / information</li> <li>&gt; carpark enforcement</li> <li>&gt; seed collection and general conservation activities</li> </ul>	<ul style="list-style-type: none"> <li>&gt; public good – should be provided by the government</li> </ul>

<sup>1</sup> By government, we mean Central Government or Local Government including their entities



Category	Assets or Services	Relevant delivery option considerations
Non-Rival and Excludable	<ul style="list-style-type: none"> <li>&gt; Harbour Controller's office and activities</li> <li>&gt; civil defence / emergency response</li> <li>&gt; airways activities</li> </ul>	
	<ul style="list-style-type: none"> <li>&gt; aerodrome</li> <li>&gt; transport Servicing (Maintenance)</li> <li>&gt; fuelling / re-fuelling activities<sup>2</sup></li> <li>&gt; power</li> <li>&gt; water/sewerage</li> <li>&gt; telecommunications</li> <li>&gt; filming/photography</li> </ul>	> mixed good/club good

From this analysis of the current assets and services and future investment opportunities, the following principles were established for application under Option 4.

- > **Non-rival and non-excludable assets are best managed and operated by the Crown** – this is because market forces, or the ability to price a service appropriately, does not exist for these goods or service or it is considered inefficient or unfair to attach a full market price to these assets.
- > **Rival and excludable assets and services are best managed and operated by the private sector** – rival and excludable assets and services are those that are likely best managed and operated by the private sector, compared to the Crown. This means that it would be most appropriate for these assets or services to be provided through concession arrangements or via other commercial agreements with the Crown or any new entity that may be managing the national park.
- > **Non-rival but excludable assets can be operated effectively by private enterprise or through a concession if strong regulation exists** – this is because the characteristics of these assets and services often means that a sole monopoly provider is delivering the asset or service, and, in absence of strong regulation,

private enterprise operators can exhibit monopolistic characteristics. In absence of a strong price/quality regulatory scheme for these assets or services, it may be best for the Crown to operate them.

We have developed a framework to assess service provision options for the assets

- > **Economic characteristics** – is the good better suited to public or private arrangements given its economic characteristics? (as outlined above)
- > **Equity/fairness** – what approaches reflect the level of public / levy investment proposed in the asset or service, and what are the impacts on operators?
- > **Effectiveness** – what capability, capacity, expertise and level of control and influence is necessary to achieve desired objectives?
- > **Commercial feasibility** – what is attractive to the private market?
- > **Achievability** – how hard is it to move to optimal arrangements given existing arrangements?
- > **Risk** – would it be appropriate for government to hold the risks associated with this asset or services, or is the risk better suited to private ownership and operation?

<sup>2</sup> Including charging if EV



The delivery entity has a range of choices for how it leverages these opportunities

There are several delivery models available to the Piopiotahi Investment and Delivery Entity to undertake the works required. The mechanisms to deliver conservation and environmental outcomes enabled by the preferred options are set out in the Management Case.

**Table 6 Commercial delivery models**

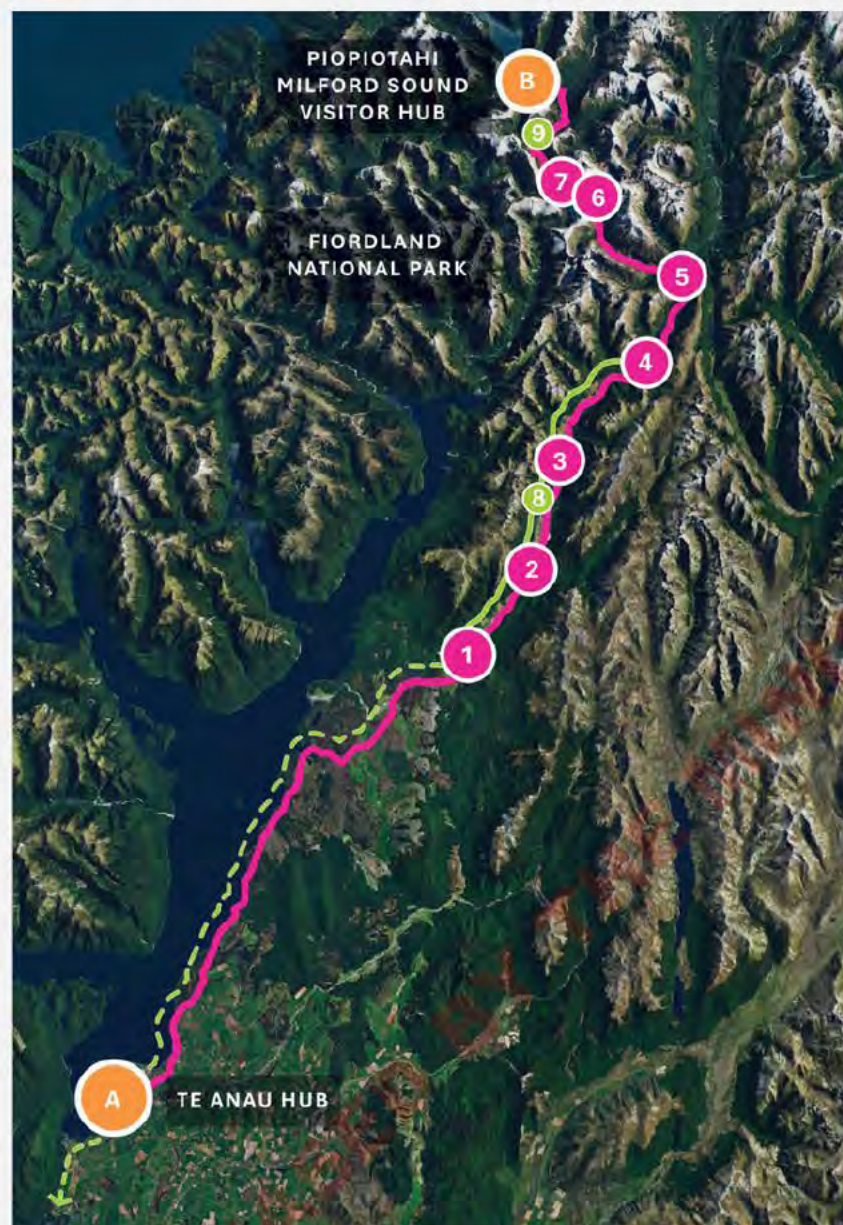
Model	Description	Strengths	Limitations
<b>Build / Own / Operate</b>	The delivery entity constructs, owns and maintains the proposed asset or service	<ul style="list-style-type: none"> <li>&gt; Enables greater control</li> <li>&gt; Management of interface with visitor experience can be carried out more seamlessly</li> <li>&gt; Incentive to reduce whole of life cost</li> </ul>	<ul style="list-style-type: none"> <li>&gt; High-cost model</li> <li>&gt; Internalises delivery risks</li> </ul>
<b>Shared risk / alliance</b>	An integrated team comprising the entity and its suppliers work collaboratively to deliver shared project outcomes. Risks are shared and commercial interests aligned in a way that all parties are rewarded for success and penalised for failure collectively.	<ul style="list-style-type: none"> <li>&gt; Suited to large, complex and/or high-risk projects</li> <li>&gt; Can reduce costs if effective due to sharing of risks and more collaborative management / delivery approach</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Can lead to higher costs than under a BOO model due to risk-sharing</li> <li>&gt; Risk of smaller suppliers being crowded out / high administrative cost involved</li> </ul>
<b>Right to operate</b>	The delivery entity constructs the asset, and then transfers rights to operate a service or asset to a third party	<ul style="list-style-type: none"> <li>&gt; An option for delivery where the market is unwilling to take on delivery risk</li> <li>&gt; Enables greater control on build specifications / standards</li> </ul>	<ul style="list-style-type: none"> <li>&gt; High cost</li> <li>&gt; Internalises delivery risks</li> </ul>
<b>Lease-back</b>	The delivery entity constructs the asset, and then transfers ownership and operation of the asset of service to a third party	<ul style="list-style-type: none"> <li>&gt; An option for delivery where the market is unwilling to take on delivery risk</li> <li>&gt; Enables greater control on build specifications / standards</li> <li>&gt; Responsibility for maintenance</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Internalises delivery risks</li> <li>&gt; Misalignment between upfront delivery cost and</li> </ul>
<b>Private ownership</b>	The asset or service is wholly developed and delivered by a third-party	<ul style="list-style-type: none"> <li>&gt; Low cost</li> <li>&gt; Incentives on third party to find efficiencies and deliver quickly</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Less control over outcomes and standards (mitigated where concessions are required)</li> <li>&gt; Risk of perverse incentives (e.g. misalignment with overall ambition)</li> </ul>

A summary of the major investments is included below Table 7 below. The proposed investments are summarised by node, and then the proposed

delivery arrangements and commercial opportunities are noted alongside the assets. A visual representation of the assets proposed, and their locations, is also included below, in



Figure 5. Proposed assets and location



#### MAP KEY:

- State Highway 94 / Milford Road
- Eglinton Valley shared trails (northern section)
- - - Eglinton Valley shared trails (southern section, community initiated)

- A** Te Anau Visitor Hub
- B** Piopiotahi Milford Sound Visitor Hub, Freshwater Basin, Deepwater Basin and Cleddau Delta Nodes
- 1** **Node 1:** Te Rua-o-Te-Moko Fiordland National Park Gateway
- 2** **Node 2:** Eglinton Reveal
- 3** **Node 3:** Te Huakaue Knobs Flat
- 4** **Node 4:** Ō Tāpara Cascade Creek / Mistake Creek Overnight Walk
- 5** **Node 5:** The Divide / Whakatipu Trails Head
- 6** **Node 6:** Gertrude Valley
- 7** **Node 7:** Cleddau Cirque
- 8** **Short stop:** Mirror Lakes Waiwhakaata
- 9** **Short stop:** The Chasm



**Table 7: Procurement options for ownership, operational control and delivery** (highlights represent preferred option subject to market engagement)

Node/Assets	Description	Assessment	Commercial delivery model				
			Build/own/ operate	Alliance/ shared risk	Right to- Operate	Lease back	Private ownership
Te Anau							
Te Anau Visitor Hub and interpretive centre	A facility to welcome and orient visitors at Te Anau, with booking systems, interpretive information and other amenities.	<ul style="list-style-type: none"><li>&gt; public good characteristics with some commercial opportunities (vendor leases, parking)</li><li>&gt; as a gateway for visitors, it will need to be a coherent part of the visitor journey</li><li>&gt; fairly standard design and delivery anticipated</li><li>&gt; single lump sum contract likely to be more attractive to market</li><li>&gt; could be done in conjunction with Piopiotahi visitor centre design and build</li></ul>	✓	✓	✓	✓	✓
Transport	Greater range of transport options to support mode share shift	<ul style="list-style-type: none"><li>&gt; private good – best managed and operated privately with cost recovery from users</li><li>&gt; can be operated by third-party without impacting objectives</li><li>&gt; likely to be attractive to private operators to deliver</li></ul>	✓		✓	✓	✓
Node 1 - Te Rua-o-Te-Moko Fiordland National Park Gateway							
Pou whenua and physical cultural narrative throughout	Physical infrastructure upgrades to the entrance with a strong focus on cultural narrative and safety investment	<ul style="list-style-type: none"><li>&gt; public good characteristics</li><li>&gt; as a gateway for visitors, it will need to be a coherent part of the visitor journey and cultural narrative</li><li>&gt; single lump sum contract likely given cultural narrative requirements</li></ul>	✓	✓			
Node 2 - Eglinton Reveal							
Minor infrastructure upgrades	Eglinton reveal visitor road by invisible enhancements	<ul style="list-style-type: none"><li>&gt; public good characteristics</li></ul>	✓	✓			

Node/Assets	Description	Assessment	Commercial delivery model				
			Build/own/ operate	Alliance/ shared risk	Right to- Operate	Lease back	Private ownership
Short stop – Waiwhakaata /Mirror Lakes	Visitor facility enhancements	> public good characteristics	✓	✓			
<b>Node 3 - Te Huakaue Zone</b>							
Lower Knobs Flat Staff Accommodation	Capital investment to provide for staff accommodation. Assumes lease back arrangement.	> while this accommodation lends itself to private provision, it can be a barrier to competitive entry for operators so there is a case for public provision with lease arrangements that enable cost recovery	✓		✓	✓	
s9(2)(b)(ii), s9(2)(j)							
Kiosk Creek Visitor accommodation	Creation of new visitor accommodation at Smithy's creek						✓
Food and beverage opportunities (informal)	Food and beverage opportunities informally provided via high end food truck area	> private good – best managed and operated privately with cost recovery from users					✓
Smithy's Creek Visitor Accommodation	Creation of new visitor accommodation at Smithy's creek	> private good – best managed and operated privately with cost recovery from users	✓		✓		✓
<b>Node 4 – Ō-Tāpara</b>							
Accommodation	Ō Tāpara/Cascade creek campground modifications and improvements	Mixed good. New accommodation options create new commercial opportunities. > Area of high interest to mana whenua	✓			✓	✓
Infrastructure	Wider visitor improvements with new easy walking track and Lake Gunn accessible platform	> Public good characteristics	✓	✓			



Node/Assets	Description	Assessment	Commercial delivery model				
			Build/own/ operate	Alliance/ shared risk	Right to- Operate	Lease back	Private ownership
Node 5 – Whakatipu trails/The Divide							
Infrastructure	Visitor improvements - Whakatipu Trails Head visitor shelter, car park, toilets, landscaping and road layout to improve safety. Includes investment in cultural narrative physical infrastructure	> public good characteristics	✓	✓			
New tracks	Hinepitiwai/Lake Marian lower loop and accessible walkway to Hollyford River Whakatipu Kā Tuka lookout	> public good characteristics	✓	✓			
Node 6 and 7: Gertrude Valley and the Chasm							
Infrastructure	Gertrude Valley car park and road layout – safety improvement	> public good characteristics	✓	✓			
	Chasm short stop loop track bridging, carpark and road layout improvements	> public good characteristics		✓			
Piopiotahi Milford Sound							
Airport Re-Development	Reconfiguration of the apron, new visitor facility and general runway and site upgrades. Note Ngāi Tahu have a RFR related to this site	> private good – best managed and operated privately with cost recovery from users (with the benefit of regulatory oversight given monopoly characteristics) > Likely to be uneconomic at the level of investment required > No preference indicated. Ongoing ownership arrangements will be examined in the next phase of works.	✓	✓	✓	✓	✓

Node/Assets	Description	Assessment	Commercial delivery model				
			Build/own/ operate	Alliance/ shared risk	Right to- Operate	Lease back	Private ownership
<b>Piopiotaahi visitor experience centre</b>	A facility to welcome and orient visitors at Piopiotaahi, provide high specification refuge, food and beverage and wet weather alternatives, with booking systems, interpretive information and other amenities.	<ul style="list-style-type: none"> <li>&gt; Public good characteristics with some commercial opportunities (vendor leases, parking)</li> <li>&gt; As a gateway for visitors, it will need to be a coherent part of the visitor journey</li> <li>&gt; Fairly standard design and delivery anticipated</li> <li>&gt; Single lump sum contract likely to be more attractive to market</li> <li>&gt; Could be done in conjunction with Te Anau visitor centre design and build</li> </ul>	✓		✓	✓	
<b>Deepwater basin improvements</b>	Improvements – formalise boat trailer parking and provision of overflow boat trailer parking at current residential area in Cleddau Delta	<ul style="list-style-type: none"> <li>&gt; Public good characteristics with some commercial opportunities (vendor leases, parking)</li> <li>&gt; Fairly standard design and delivery anticipated</li> <li>&gt; Single lump sum contract likely to be more attractive to market</li> </ul>	✓	✓			

s9(2)(b)(ii), s9(2)(j)



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## Future commercial arrangements will be underpinned by a clear investment strategy

The proposed investment plan approach offers a range of programme level benefits that will significantly enhance the efficiency, cost effectiveness, and contribute to the overall success of the programmed investment. Importantly, this level of investment activity within such a pristine and hazard rich environment, will need to be delivered in a way

that does not detract too much from delivery of a world-class visitor experience. Key benefits include procurement economies of scale, stronger supply partnership and stability of workforce (which is particularly important given the remote location for works delivery) and risk management (given the need to delivery work in a complex high-risk environment and fragile ecosystems). This applies to infrastructure works as well as conservation and environmental works.

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## A strategic approach to allocating concessions will represent a significant shift from current practice

The proposed management and governance arrangements detailed in the Management Case set out a shift in how permissions are managed in Piopiotahi Milford Sound. This includes key shifts to focus on shared outcome and taking a more strategic and co-ordinated approach to managing activities (as opposed to an effects-based approach).

This involves making use of tendering or other strategic procurement disciplines to improve the way concessions are allocated and managed, in line with the overall vision and

strategy for Piopiotahi Milford Sound. This approach will ensure that concessions are awarded to the operator and activity that best meets the broader objectives (rather than on a 'first in first-in-first-served' basis). It will also enable strengthened performance management and provide more certainty to operators.

Of great importance, is the application of the primary relevant Treaty principles, Active Protection and Partnership, to ensure Ngāi Tahu is given appropriate opportunity to participate in any concession opportunities presented by the plan. These considerations will pay particular regard to the economic benefit to iwi, the active protection of mana whenua interests and the consideration and protection of identified cultural values.

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## Developing a procurement strategy for the infrastructure physical works

The Piopiotahi Investment and Delivery Entity will develop a procurement strategy to inform its approach to engaging with the market and contracting for delivery of the infrastructure physical works.

The procurement strategy will follow Government Procurement Rules, MBIE's mastering procurement guide and relevant guidance from DOC, Southland District Council and Environment Southland.

The procurement strategy will need to consider the following:

**Table 8: Summary of factors impacting the procurement strategy**

Topic	Consideration
<b>Role of MSTL, MSI and MPH</b>	The procurement approach must recognise the existing role and concession arrangements with MSTL, MSI and MPH for operation and maintenance of existing infrastructure
<b>Sensitive natural environment</b>	The ability of suppliers to undertake works safely and without adverse impact on the natural and hazard rich environment within Piopiotahi and the corridor
<b>Packaging of works</b>	Consider the optimal packaging of works based on required capability and management of risks and interfaces
<b>Phasing</b>	Consider the timing of works to minimise impact on the visitor experience and enable an efficient sequencing of works that optimises the delivery timeline
<b>Market dynamics, costs and risks</b>	Achieving a balance between cost certainty and a fair and efficient allocation of risk for all parties that provides a sufficiently attractive proposition for the market
<b>Market placement</b>	Positioning the procurement in a manner that is attractive to the market
<b>Programme planning and management of interfaces</b>	Ensuring that suppliers understand constraints and work collaboratively and flexibly to minimise re-work, disruption and delays to the wider programme of works.
<b>Social procurement</b>	The opportunity to consider the benefits of social procurement methods to enable greater community participation. There is also an ability to consider the degree to which the procurement process is designed to give effect to relevant Treaty principles and support the economic aspirations of Ngāi Tahu whānui.

Relevant procurement objectives to guide the development of that more detailed strategy include:

- > **Quality** – to attract delivery partners of a high calibre from the market who can demonstrate an ability to deliver effectively and efficiently in a sensitive natural environment including through good sustainability practices
- > **Time** – to support efficient delivery through design, construction, co-ordination and sequencing, as well as packaging of works, efficient utilisation of time and risk management
- > **Broader outcomes** – to provide opportunities to build the capability and capacity of the local workforce, encourage low or zero waste construction practices, reduce embodied carbon and support local enterprise.
- > **Risk allocation** – to allocate risk fairly and transparently to the party best able to

manage it, or to share risks where this presents the optimal approach

- > **Wider engagement** – ensure effective and collaborative relationships with Ngāi Tahu, local communities and local businesses.

Key steps to getting construction ready include:

- > preparation of detailed design and preparatory works on selected sites for early development (e.g. Pou whenua at the national park entrance)
- > assessing relevant consents against agreed statutory powers enabled by legislative amendment
- > identifying a procurement process and programme for delivery of the physical works
- > tender, evaluate and award physical works contracts, and
- > administer the construction contract.



## Preliminary procurement timeline anticipates early works in the corridor followed by works in Piopiotahi Milford Sound

We have developed a high-level preliminary view of procurement activities over the three horizons introduced in the Management Case:

1. Policy and legislative changes to implement IVAC (FY 2026-2027). This phase would see market engagement, procurement planning and some early and preparatory works happening in parallel as policy and legislative work progresses.
2. IVAC introduced an early works undertaken with a corridor focus (FY 2028-2032). This phase would see construction begin after new management and governance arrangements are formally established. It would focus primarily on works in the corridor and Te Anau although there will be some activity in Piopiotahi Milford Sound itself, including:
  - a. enhancements at Eglinton Reveal and Mirror Lakes
  - b. Knobs Flat and Kiosk Creek accommodation upgrades
  - c. preparatory work in Te Anau
  - d. preparatory work in Piopiotahi (including improvements at Deepwater Basin)
3. Delivery of world class visitor experience (FY 2033-2038). This phase would see the completion of works, with the Te Anau hub completed first, followed by accommodation and utility upgrades along the corridor and major works in Piopiotahi village, including improvements to the aerodrome.

## Obtaining planning approvals

The projects will need to be authorised under both the national parks and resource management planning frameworks. This means projects needing to be consistent with the planning frameworks, and obtaining concessions from the Minister of Conservation and resource consents or a designation from local government. Under the various delivery models, the Piopiotahi Investment and Delivery Entity will obtain these authorisations for the projects, except for where the asset or service is wholly developed and delivered by a third-party.

Initial assessment by DOC against the national park planning framework identified that 56 projects are likely consistent, 11 are unclear and 27 are likely inconsistent. An assessment against the resource management framework by WSP found that while there are no prohibited activities and the majority of projects are likely to moderately likely to be consistent, some

projects were likely to be inconsistent in their current form and pose consenting difficulty.

The approach recommended in the Management Case provides for management and planning arrangements that seek to enable the projects but with appropriate oversight to ensure protection of key values. The approach provides for:

- > an enabling planning framework;
- the Entity recommending an updated park management plan to give effect to the vision within the more enabling Special Amenities Area, and
- resource management plans needing to be reviewed and updated to give effect to the vision.
- > the Entity holding the necessary planning functions and powers including the ability to obtain requiring authority status and seek a designation to authorise works under the district plan. This includes an option for the Entity to hold compulsory

acquisition powers to be considered further

- > regulatory oversight under the current regimes being retained with the Entity still needing to obtain concessions from the Minister of Conservation and resource management approvals from local councils. This provides existing regulatory authorities the ability to ensure projects are consistent with the vision and plans, and values are protected.
- > the Entity holding key capabilities in strategy, planning, commercial and delivery construction.

The findings of the initial assessments show that a range of projects can likely obtain approvals and begin works before the new planning framework is in place but that more inconsistent projects should wait until the more enabling revisions are made to the planning framework. The approvals strategy is likely to involve obtaining approvals in stages for works in different areas, beginning with the consistent projects.

## Market capacity and capability

### Construction sector

New Zealand's construction sector faces increasing challenges, particularly as growth has slowed since mid-2022 and it has followed a 'boom and bust' cycle with a steep drop in activity following the COVID-19 outbreak and a mini-boom in the recovery period. Business confidence remains low due to rising insolvencies from financial stress while high material and labour costs, supply chain disruptions and skills shortages remain for the sector.<sup>3</sup>

A 2024 survey of industry leaders found that more than two thirds (67%) of construction leaders expect inflation to significantly impact their profitability over the coming 12 months, and 49% point to high interest rates as having an expected impact on their bottom line.<sup>4</sup> Pipeline certainty was identified by those leaders as one of their greatest challenges, with less than half

of businesses having confirmed work beyond 12 months.

The local industry in Southland (and the broader Otago region) is not immune to these pressures. Workforce is likely to be its greatest challenge with the current shortfall in the vertical construction workforce for Southland Murihiku estimated at almost 2,000 workers in 2022. This number would be higher with the addition of the horizontal construction workforce.<sup>5</sup> A key part of the response to this challenge involves improving productivity of the industry through better investment in people and technology. This requires certainty of revenue and a long-term business outlook enabled by stronger pipeline certainty.

Southland District Council's infrastructure strategy notes that there has been a significant focus on increasing delivery capacity within Council and the local market to respond to anticipated increases in Council expenditure

<sup>3</sup> MBIE (2023). Building and Construction sector trends. Annual report 2023. Available at <https://www.mbie.govt.nz/building-and-energy/building/building-system-insights-programme/sector-trends-reporting/building-and-construction-sector-trends-annual-report/2023/key-new-zealand-economic-and-industry-trends>

<sup>4</sup> BDO (2024). 2024 construction report. Available at <https://www.bdo.nz/en-nz/industries/construction-and-real-estate/2024-construction-report>

<sup>55</sup> Waihanga Ara Rau Construction and Infrastructure Workforce Development Council (2022). Southland Murihiku: Regional construction workforce planning and development. Available at [https://www.waihangaararau.nz/wp-content/uploads/2023/04/RSLG-Construction-and-Infrastructure-Reports\\_SOUTHLAND.pdf](https://www.waihangaararau.nz/wp-content/uploads/2023/04/RSLG-Construction-and-Infrastructure-Reports_SOUTHLAND.pdf)



over the next 30 years. It notes that this has included:<sup>6</sup>

- > changes to procurement policy with a view to increase efficiency and build capacity within the local market through work continuity confidence, larger packages for delivery and a variety of fit-for-purpose procurement procedures
- > standardisation of contract documentation, payment terms, infrastructure design standards and asset handover documentation
- > project workflow and gateway development
- > programme management software system established
- > establishment of an internal project management office with dedicated delivery staff
- > a more robust reporting framework.

It will be important for the delivery entity to work closely with the sector to provide sufficient notice and certainty of works early to inform business plans around capital, workforce and materials.

### Conservation and environmental activities

The proposed method of engaging suppliers for conservation and environmental activities in the national park and marine environment is set out in the Management Case. The majority of the work is expected to be delivered through a grants-based programme and will comprise:

- > Biodiversity plantings and eco-system restoration works
- > Revegetation native tree planting, wetland planting
- > Protection areas and restoration of waterways
- > Pest trapping and poisoning
- > Flood protection

- > Plant pest removal
- > Ecological assessments and monitoring programmes
- > Research activities

These works are expected to be delivered by a range of parties, including commercial operators, recreational and community groups and mana whenua.

There is currently no centralised data on the nature of environmental conservation work undertaken in New Zealand which makes it challenging to comment on the likely capacity of the market to deliver the additional activities expected to be funded by the IVAC. Job opportunities can range from basic outdoor occupations (restoration of tracks, for example) to highly skilled opportunities in, for example, forestry and support to wider environmental management.<sup>7</sup> Employment opportunities present a mix of full-time, part-time and seasonal work, including some innovative approaches such as supporting businesses, particularly in forestry in the short term and in tourism in the longer term, where people could switch between tourism and conservation activities according to demand. The programme is expected to deliver a greater number of higher skilled employment opportunities for communities in Southland and Otago.

<sup>6</sup> Southland District Council (2021). Infrastructure Strategy 2021-2031. Available at <https://www.makeitstick.nz/assets/ItP/IS/Infrastructure-Strategy.pdf>

<sup>7</sup> Jobs for Nature (2023). Jobs for Nature Programme. Interim Evaluation 2023: Lessons from the first two years. Available at <https://environment.govt.nz/assets/publications/Jobs-for-Nature-programme-interim-evaluation-2023.pdf>

## Tourism sector

The tourism and hospitality sector is the 'show-case' for Southland Murihiku, key to attracting both visitors and new residents to the region, it is a small but significant contributor to the region's employment and GDP

Tourism is a small but significant contributor to the Southland Murihiku region. However, the sector has faced critical labour and specialised skill shortages, resulting in targeted poaching of staff across the region and rising wage pressures.<sup>8</sup> Skills shortages have also led to businesses needing staff to adapt and become multiskilled, which adds training / education costs for businesses. For staff, it is not viewed as an attractive career option but rather a transition or part-time job due to the highly seasonal nature of the sector, unfavourable pay and work hours and challenging working

conditions that involve working outdoors in temperamental weather and with large numbers of people.

These factors are compounded by the increased cost of living that is reducing discretionary income for many families, with less expenditure in the sector. This is resulting in a lack of willingness to invest in staff training and also contributing to business closures.<sup>9</sup> The Southland Murihiku Regional Skills Leadership Group reports that businesses in other industries are reporting a similar trend, which has the potential to significantly impact the social infrastructure of smaller rural centres.

Against this backdrop it is important that new opportunities established through the investment in the preferred option are socialised with the sector early and sufficient lead time is provided for investment in staff and materials to leverage those opportunities.

<sup>8</sup> Southland Murihiku Regional Skills Leadership Group (2022). Regional Workforce Plan. Available at <https://www.mbie.govt.nz/assets/southland-murihiku-regional-workforce-plan.pdf>

<sup>9</sup> Southland Murihiku Regional Skills Leadership Group (2023). Local insights report. Available at <https://www.mbie.govt.nz/assets/southland-murihiku-local-insights-report-november-2023.pdf>



## Appendix 5.1: Commercial confidential summary of concessionaire impacts under Option 4

THIS INFORMATION IS  
COMMERCIAL  
CONFIDENTIAL

Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Deepwater Basin	Storage	35493-OTH	s9(2)(a)	Renewal of Deepwater Basin Milford Sound berth permit	2016	s9(2)(j), s9(2)(l), s9(2)(b)(ii)
Deepwater Basin	Boating	SO-31266-WAT	Black Dog Fishing Company Limited	Commercial Fisherman berthed at Deepwater Basin Milford Sound for a duration of 5 years	2016	
Deepwater Basin	Boating	36404-WAT	s9(2)(a)	Berth licence for Deepwater Basin Milford Sound, Swing berth licence for 'Hustler'	2015	
Deepwater Basin	Boating	SO-31828-WAT	s9(2)(a)	Swing Berth licence at Deepwater Basin Milford Sound for Recreational Purposes	2013	
Deepwater Basin	Access	45654-OTH	Fiordland Lobster Company Ltd	Head Licence for Deepwater Basin facilities, along with management functions of the site and ability to sub-licence fishing berths	2026	
Deepwater Basin	Structures	PAC-14-18-16	Fiordland Lobster Company Ltd	Structure Concession (Lease) for Factory and office at Deepwater Basin (C430001)	2030	
Deepwater Basin	Boating	SO-31827-WAT	s9(2)(a)	Renewal of Berth Licence 12A at Deepwater Basin Milford Sound for Commercial Fishing for 5 year term	2016	
Deepwater Basin	Structures	41832-OTH	Milford Sound Sea Kayaks Limited	Deepwater Basin Kayak Base Building Operation	2047	
Deepwater Basin	Structures	53519-OTH	Real Journeys Limited	Notified lease - new building at Deepwater basin	2047	
Deepwater Basin	Boating	SO-31271-WAT	s9(2)(a)	Commercial Fisherman berthed at Berth 12B Deepwater Basin Milford Sound for a duration of 5 years	2016	
Deepwater Basin	Boating	PAN-06-04-02	s9(2)(a)	Commercial Fisherman berthed at 13A Deepwater Basin Milford Sound for a duration of 5 years	2014	

Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Deepwater Basin	Boating	PAN 06-04-02	s9(2)(a)	Commercial Fisherman berthed at Berth 8A Deepwater Basin Milford Sound for duration of 5 years	2017	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Deepwater Basin	Storage	35060-OTH	Tourism Milford Limited	Deepwater Berth Permit renewal Anita Bay	2016	
Deepwater Basin	Structures	PAC-14-04-68	Milford Sound Tourism Limited	Easement for Sewage Treatment pipeline around Milford and it's associated equipment and a right of way to access the waste water treatment plant.	2028	
Deepwater Basin	Boating	103478-WAT	Dive Otago Ltd	Use of hard at Deepwater Basin for embarking and disembarking of passengers from the boat ramp.	2033	
Deepwater Basin	Boating	35987-WAT	s9(2)(a)	Commercial fishing berth Deepwater Basin Milford Sound (adding historical document to permissions)	2016	
Freshwater Basin	Structures	PAC-14-06-129	Milford Sound Tourism Limited	<b>NATIONAL PARK LICENCE</b> Rec/Tourism Authorisation(Licence) - on exclusive right to provide facilities at Milford Sound and embarking/disembarking passengers at Freshwater Basin (includes by variation - freestanding canopy structure, pay-by-bay parking, Bowen Falls Walkway & associated infrastructure)	2028	
Freshwater Basin	Structures	PAC 14-06-29		Foreshore car parking	2028	
Freshwater Basin	Structures	PAC-14-18-38	Milford Sound Tourism Limited	<b>NATIONAL PARK LEASE.</b> Structure Concession (Lease) - Visitors Terminal Freshwater Basin Milford Sound (C430001)	2028	
Freshwater Basin	Structures	PAC-14-18-38-06	Milford Sound Tourism Limited	Harbour Controllers Office, Freshwater Basin, Milford Sound / Piopiotahi	2050	
Freshwater Basin	Telecommunications	41728-TEL	Real Journeys Limited	Satellite Dish at Freshwater Basin	2025	
Freshwater Basin	Structures	PAC-14-18-38-01	Milford Sound Tourism Limited	Structure Concession (Lease) - extensions to Visitors Centre building which are outside original lease area (Stage 2) Freshwater Basin Milford Sound (C430001)	2050	



Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Freshwater Basin	Marine Mammal Watching	38856-MAR	Mitre Peak Cruises Limited	Commercial vessel based viewing of dolphins and NZ fur seals.	2024	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Freshwater Basin	Marine Mammal Watching	49888-MAR	Cruising Milford Sound Limited	Renewal Marine Mammal Viewing Permit - Vessel based viewing of Seals, Whales and Dolphins. Jucy Cruise	2026	
Freshwater Basin	Marine Mammal Watching	39669-MAR	Southern Discoveries Limited	Commercial vessel based viewing of NZ Fur Seals and Dolphins	2025	
Freshwater Basin	Marine Mammal Watching	39653-MAR	Fiordland Cruises Limited	Commercial vessel-based operation to view marine mammals	2025	
Freshwater Basin	Marine Mammal Watching	69288-MAR	Fiordland Expeditions Limited	Marine Mammal viewing from commercial vessels in Fiordland	2034	
Freshwater Basin	Non-research	PAC-14-18-52-02	Southern Discoveries Limited	Marine Reserve Authorisation for the Observatory at Harrison's Cove	2025	
Freshwater Basin	Non-research	PAC-14-18-52-03	Southern Discoveries Limited	Marine Reserve Authorisation at Harrison Cove - Milford Sound for a Kayaking Operation Base attached to the Discovery Centre - PAC-14-18-52-03	2030	
Freshwater Basin	Non-research	SAR-05-83-06-13	Southern Discoveries Limited	Marine reserve Authorisation for an existing mooring within Piopiotahi MR at Harrison's Cove.	2024	
Freshwater Basin	Permits to hold protected species in captivity	SO-28 99 CA	Southern Discoveries Limited	Renewal of permit to hold absolutely protected species - black coral. For the Underwater Observatory in Piopiotahi Marine Reserve, Milford Sound.	2025	
Freshwater Basin	Collecting Flora Activities	38588-FLO	Milford Sound Tourism Limited	Seed & cutting collection - Fiordland National Park	2024	
Freshwater Basin	Boating	PAC-14-06-71	Affinity Charters Limited	Boat transport for hunters, fishers and others to sites in Fiordland National Park	2009	
Freshwater Basin	Non-research	37673-MAR	Island Escape Cruises Limited	IEC Marine Reserve Authorisation for mooring in Harrison Cove Marine Reserve	2033	
Freshwater Basin	Non-research	39449-FLO	Southern Discoveries Limited	Authority to introduce and hold living organisms in to a marine reserve to use for displays in an underwater observatory.	2025	
Freshwater Basin	Structures	44345-OTH	Milford Power Holdings Limited	Hydro Power generation Activity at Milford Sound	2046	

Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Freshwater Basin	Guiding	PAC-14-06-62-01	Tourism Milford Limited	Milford Track guided walk & associated activities	2020	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Freshwater Basin	Telecommunications	59905-TEL	David King Technician Limited	Install, operate, and maintain a VHF Marine Radio repeater at a location above Dale Point, Milford Sound, Fiordland National Park	2048	
Freshwater Basin	Structures	50665-OTH	Milford Sound Infrastructure Limited	Lease for Infrastructure and activities(LPG bottle area, Utility shed, compound area, includes sublease for MPI backup generators)Milford Commercial Storage Platform	2030	
Freshwater Basin	Accommodation	PAC-14-06-64	Tourism Milford Limited	<b>NATIONAL PARK ACT LEASE.</b> Milford Sound Hotel	2050	
Aerodrome	Aircraft	PAC-14-06-451-26	Action Helicopters Fiordland Limited (Milford concessions)	Action Helicopters Fiordland - 20 Regular landings at Milford Aerodrome, Fiordland National Park (permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-34	Action Helicopters Fiordland Limited (Milford concessions)	Action Helicopters Fiordland Limited 23 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-35	Action Helicopters Fiordland Limited (Milford concessions)	Action Helicopters Fiordland Ltd - 216 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	8 955-AIR	Action Helicopters Fiordland Limited (Milford concessions)	Action Helicopters Limited - 90 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-03	Air Safaris and Services (NZ) Limited	Air Safaris and Services (NZ) Ltd - 219 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	52493-AIR	Aircraft Owner and Pilots Association of New Zealand (AOPA NZ) - duplicate, don't use	10 Irregular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Structures	PAC-14-18-22	Airways Corporation of New Zealand Limited	Structure Concession (Lease) Control Tower at Milford Aerodrome (C430001)	2044	



Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Aerodrome	Aircraft	PAC-14-06-451-11	Aspiring Helicopters Limited	Aspiring Helicopters - 48 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Aerodrome	Aircraft	PAC-14-06-451-29	Back Country Helicopters (2022) Limited	Back Country Helicopters - 14 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	69531-AIR	Canterbury Aviation Limited	10 Irregular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	52502-AIR	Cessna 180/185 Group	10 Irregular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	64207-AIR	Helicopters Otago Limited	10 Irregular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-07	Helicopters Queenstown 2020 Limited	Helicopters Queenstown (2020) Ltd - 272 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-21	Helicopters Queenstown 2020 Limited	Helicopters Queenstown (2020) Ltd - 216 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-09	Heliventures NZ Limited	Heliventures NZ Ltd - 14 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-10	Heliworks Queenstown Helicopters 2012 Limited	Heliworks Queenstown Helicopters 2012 Ltd - 89 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	38820-AIR	Inflite Ski Planes Limited	10 Irregular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2024	
Aerodrome	Aircraft	PAC-14-06-451-16	Real Journeys Limited	Real Journeys - 1626 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	52491-AIR	Recreational Backcountry Pilots Association	10 Irregular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	

Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Aerodrome	Aircraft	52500-AIR	s9(2)(a)	10 Irregular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Aerodrome	Aircraft	52503-AIR	s9(2)(a)	10 Irregular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-17	Southern Alps Air Limited	Southern Alps Air - 283 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-27	Southern Lakes Aviation Limited	Southern Lakes Aviation - 20 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit) T/A True South Flights	2021	
Aerodrome	Aircraft	PAC-14-06-451-30	Southern Lakes Aviation Limited	Southern Lakes Aviation - 48 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit) T/A True South Flights	2021	
Aerodrome	Aircraft	PAC-14-06-451-18	Southern Lakes Helicopters Limited	Southern Lakes Helicopters - 43 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	53564-AIR	Sports Aircraft Association	10 Irregular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-2	Te Anau Helicopter Services Limited	1520 Regular Landings at Milford Aerodrome, Fiordland National Park (along with returns for 82473-AIR Milford landings)	2021	
Aerodrome	Aircraft	PAC-14-06-451-02	The Alpine Group Limited	The Alpine Group Ltd - 61 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit) trading as Alpine Helicopters Limited	2021	
Aerodrome	Aircraft	PAC-14-06-451-20	The Helicopter Line Limited	The Helicopter Line - 174 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-05	Totally Tourism Limited	Totally Tourism Ltd - 1486 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-	Totally Tourism	Totally Tourism - 219 Regular Landings at	2021	



Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
		451-25	Limited	Milford Aerodrome, Fiordland National Park (Permit)		s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Aerodrome	Aircraft	PAC-14-06-451-22	Wanaka Flightseeing (2006) Limited	Wanaka Flightseeing (2006)- 470 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-31	Wanaka Helicopters Limited	Wanaka helicopters Ltd. - 48 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-36	Wanaka Helicopters Limited	Wanaka Helicopters - 36 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	50688-AIR	Enfield Holding Limited T/as Mainland Air	10 Irregular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-23	Fiordland Helicopters Limited	Fiordland Helicopters - 36 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-04	Fly Fiordland Limited	Fly Fiordland Ltd - 20 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-06	Flyinn Tours Limited	Flyinn Tours - 32 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-32	Fox Franz Heliservices Limited	Fox Franz Heliservices - 48 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-14	Glacier Helicopters Limited	Glacier Helicopters - 455 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-08	Glenorchy Air Services & Tourist Company Ltd	Glenorchy Air Services & Tourist Company Ltd - 550 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	
Aerodrome	Aircraft	PAC-14-06-451-13	Milford Sound Scenic Flights Limited	Milford Sound Scenic Flights Ltd- 1189 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	

Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Aerodrome	Aircraft	PAC-14-06-451-28	Over The Top Limited	Over the Top - 1486 Regular Landings at Milford Aerodrome, Fiordland National Park (Permit)	2021	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Cleddau Village	Accommodation	39126-ACC	Cruise Milford New Zealand Limited	Staff Accommodation (Lease), Site 18 Pembroke Drive, Cleddau Village, Milford Sound – FNP (surveyed 1225 sqm)	2034	
Cleddau Village	Accommodation	PAC-14-12-19	Cruising Milford Sound Limited	Staff Accommodation (Lease), 39 Sinbad Drive (1384 sqm), Cleddau Village, Milford Sound, FNP	2041	
Cleddau Village	Telecommunications	PAC-14-18-76	Downer New Zealand Limited	Communications hut and aerial in the Cleddau Accommodation Activity Area for NZTA, DOC, SRFA and Downer equipment	2042	
Cleddau Village	Accommodation	PAC-14-12-21	Fiordland Lobster Company Ltd	Staff Accommodation Site 42 Sinbad Drive Cleddau Village, Milford Sound, FNP (826 sqm)	2041	
Cleddau Village	Structures	PAC-14-18-78	Fire and Emergency New Zealand	Emergency Response Team Building, Cleddau Village, Milford Sound (576 sqm).	2042	
Cleddau Village	Accommodation	44219-ACC	Milford Sound Infrastructure Limited	Lease for Staff accommodation with garage at 19 Pembroke Drive Cleddau Village, Milford Sound (1,132 sqm)	2043	
Cleddau Village	Accommodation	PAC-14-1-02	Milford Sound Sea Kayaks Limited	Staff Accommodation (Lease), Site 15 Pembroke Drive, Cleddau Village (999 sqm), Milford Sound, FNP	2041	
Cleddau Village	Accommodation	PAC-14-12-25	Milford Sound Tourism Limited	Staff Accommodation, Sites 24, 25, 26, 27 28 Pembroke Drive, Cleddau Village (2,581 sqm), Milford Sound, FNP refer to permission number 49960-ACC	2041	
Cleddau Village	Storage	54268-OTH	Milford Sound Tourism Limited	Storage facility in the Commercial Storage Area, a highly modified Area in the Cleddau Delta area, in Milford Sound, Fiordland National Park	2047	
Cleddau Village	Accommodation	PAC-14-12-20	Mitre Peak Cruises Limited	Staff Accommodation, Sites 48 & 50 Sinbad Drive, Cleddau Village, Milford Sound, FNP (1355 sqm)	2041	



Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Cleddau Village	Accommodation	PAC-14-12-12	Real Journeys Limited	Milford Sound, Cleddau Village - Staff Accommodation(Lease)	2041	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Cleddau Village	Storage	38456-OTH	Real Journeys Limited	Lease for Commercial Storage, Cleddau Village Parking Activity Area	2044	
Cleddau Village	Easements	PAC-14-04-43-02	Real Journeys Limited	Easement for conduit to run services from temp commercial storage structures to Managers Flat in RJ's Lease area.	2041	
Cleddau Village	Accommodation	53839-ACC	Milford Sound Lodge Limited	Lease Concession under Cons Act for Staff Accommodation within National Parks Authorisation site	2043	
Cleddau Village	Accommodation	49960-ACC	Milford Sound Tourism Limited	Staff Accommodation, Milford Sound, FNP refer to permission number PAC 14-12-25	2016	
Cleddau Village	Accommodation	54075-ACC	Airways Corporation of New Zealand Limited	Construction and occupation of staff accommodation at Milford Sound	2047	
Cleddau Village	Easements	49862-OTH	Milford Sound Infrastructure Limited	Easement for infrastructure services (power, water, sewerage/greywater, LPG and telecommunications duct) in Milford Sound village	2030	
Cleddau Village	Structures	43178-OTH	National Institute of Water and Atmospheric Research Limited (NIWA) - USE THIS ONE	Weather station within Staff Accommodation Area at Milford Sound	2026	
Cleddau Village	Accommodation	PAC-14-12-23	Southern Discoveries Limited	Staff Accommodation, Sites 19 & 23 Pembroke Drive, Cleddau Village, Milford Sound (1464 sqm), FNP	2041	
Knobs Flat and other Corridor	Easement	PAC-14-04-48-02	Milford Sound Tourism Limited	Easement - hydro-electricity scheme - Knobs Flat - Fiordland National Park	2034	
Knobs Flat and other Corridor	Services	PAC-14-18-31-01	Milford Sound Tourism Limited	Licence - Knobs Flat Public Toilets, Electricity Supply, variation to include service facilities.	2014	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Knobs Flat and other Corridor	Easement	PAC-14-18-31-04	Milford Sound Tourism Limited	Easement - Right to convey water via a pipeline to the Knobs Flat Water Supply, Fiordland National Park.	2014	

Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Knobs Flat and other Corridor	Structures	52442-OTH	New Zealand Transport Agency	New building known as 'The Lodge' to support operations, opposite the 'Chapel' site on the Milford Rd SH94/Knobs flat site in the Eglinton.	2037	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Knobs Flat and other Corridor	Accommodation	37984-ACC	The New Zealand Alpine Club Incorporated	Structure Concession Homer Hut (C430001). Lease/licence Authorisation for commercial accommodation in Fiordland National Park, pursuant to s50(4) National Parks Act 1980. This is not a Notified Lease.	2043	
Knobs Flat and other Corridor	Accommodation	PAC-14-06-62-08	Tourism Milford Limited	Glade and Poppeloma Lodges, Milford Track Lease(Note previous concession number is PAC-14-18-32-01	2021	
Knobs Flat and other Corridor	Telecommunications	PAC-14-05-05	Downer New Zealand Limited	Telecommunication Sites (Licence) Consisting of Peak, Shearwater Hills, Mt Eglinton	2024	
Knobs Flat and other Corridor	Accommodation	64290-OTH	Eglinton Experiences Limited	Lease for the footprint of the structures Accommodation/retail/cafe facility at Knobs Flat in Fiordland National Park.	2033	
Knobs Flat and other Corridor	Accommodation	37511-ACC	John McGowan College	National Park Accommodation Authority for Fiordland National Park Lodge (former Te Anau Downs Hotel)	2065	
Knobs Flat and other Corridor	Accommodation	361 -ACC	Milford Sound Lodge Limited	Milford Sound Lodge. Lease Authorisation for commercial accommodation at Milford Sound/Piopiotahi, pursuant to s50(4) National Parks Act 1980. This is not a Notified Lease.	2043	
Knobs Flat and other Corridor	Guiding	36512-GUI	Alpine Luxury Tours Limited	Guided day walks, an overnight walk and camping	2023	
Knobs Flat and other Corridor	Guiding	45695-GUI	s9(2)(a)	Guided Walks (photography tours)	2025	
Knobs Flat and other Corridor	Guiding	36231-GUI	Ramblers Association Services (Ramblers Holidays Group Limited)	Guided walking multi-conservancy concession	2023	



Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Knobs Flat and other Corridor	Guiding	53868-GUI	Mammoth Limited	Guided walking and 4WD tours - Mammoth / Ridgeline Tours	2027	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Knobs Flat and other Corridor	Guiding	72694-GUI	Rockjumper Birding Limited	Guided walking on conforming tracks	2024	
Knobs Flat and other Corridor	Filming/ Photography	43007-FIL	s9(2)(a)	Jason Law Photography workshops and fieldtrips with up to 4 clients.	2025	
Knobs Flat and other Corridor	Guiding	36992-GUI	The New Zealand Alpine Club Incorporated	Mountaineering, Rock Climbing and Ski Mountaineering Instruction (guiding) Multi District Concession.	2023	
Knobs Flat and other Corridor	Guiding	53933-GUI	American Universities International Programs Limited	Guided walk, nature interpretations, experiential learning, and wilderness training South and North Island	2027	
Knobs Flat and other Corridor	Guiding	39508-GUI	JCM Destination New Zealand Limited	Multi-guiding, mostly on conforming tracks throughout New Zealand	2024	
Knobs Flat and other Corridor	Guiding	76739-GUI	Logos Travel Marek Sliwka sp.j.	Conforming Tracks application throughout Iordland, Canterbury, Ogo, Central North Island and the West Coast.	2024	
Knobs Flat and other Corridor	Guiding	54179-GUI	Nature-TailZ, Di ov New Zeala d Limited	Multi-conservancy guiding of German tourists on a variety of overnight and day tracks throughout NZ	2027	
Knobs Flat and other Corridor	Guiding	76711-GUI	Cheeky Kiwi Travel Limited	Guiding on conforming tracks nationwide. Applied with 76712-GUI (non-conforming tracks).	2024	
Knobs Flat and other Corridor	Guiding	52394-GUI	Once Upon A Trip Limited	Guided Walking throughout New Zealand (including Pouakai Crossing and Fanthams Peak track expiring October 2022)	2027	
Knobs Flat and other Corridor	Guiding	69582-GUI	Once Upon A Trip Limited	Guided walking in North and South Islands	2028	
Knobs Flat and other Corridor	Guiding	36688-GUI	The Extra Mile Travel Limited	Guided walks throughout New Zealand	2024	
Knobs Flat and other Corridor	Guiding	52399-GUI	New Zealand Photography Workshops Limited	Guided Photography Tours on PCL across New Zealand	2027	
Knobs Flat and other Corridor	Guiding	38290-GUI	Alpine Luxury Tours Limited	Guided alpine walks in southern South Island	2024	

Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Knobs Flat and other Corridor	Guiding	37242-GUI	Alpine Recreation Canterbury Limited	Guided mountaineering, ski touring, alpine instruction and guided walks at multiple South Island locations.	2024	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Knobs Flat and other Corridor	Filming/Photography	62351-GUI	s9(2)(a)	Guided photography workshops in the South Island	2028	
Knobs Flat and other Corridor	Guiding	56490-GUI	Sweet As Travel Limited	Guided walks on tracks in both North and South Islands and transport on the Mangatepopo and Ketetahi Roads (Tongariro Alpine Crossing)	2027	
Knobs Flat and other Corridor	Guiding	39156-GUI	s9(2)(a)	Guided mountaineering, backcountry skiing, rock climbing and ice climbing in the lower South Island	2024	
Knobs Flat and other Corridor	Guiding	49857-GUI	s9(2)(a)	Guided photography tours and workshops South Island locations	2026	
Knobs Flat and other Corridor	Guiding	50105-GUI	The Real New Zealand Limited	Guided walking in South Island locations	2026	
Knobs Flat and other Corridor	Guiding	36821-GUI	s9(2)(a)	Guided walking including multi day trips throughout the South Island.	2024	
Knobs Flat and other Corridor	Guiding	67839-GUI	Tutoko Outdoor Guides Limited	Guided walking in the South Island	2028	
Knobs Flat and other Corridor	Guiding	34744-GUI	Adventure Southland Limited	Guided walking, kayaking, abseiling, rock climbing, snowshoeing, camping, tramping, rafting, caving, nature interpretation and outdoor education trips throughout Otago and Southland	2023	
Knobs Flat and other Corridor	Guiding	43101-GUI	Wildsouth Discovery Limited	Guided walking - South Island - largely conforming tracks	2025	
Knobs Flat and other Corridor	Guiding	45772-GUI	Wanaka Mountain Guides Limited	Mountain guiding, instruction and ski touring, rock climbing, tramping and day walks in lower South Island	2025	
Knobs Flat and other Corridor	Guiding	38502-GUI	Kiwi Way Limited	Guided walks through Fiordland, West Coast Tai Poutini and Canterbury Districts	2024	
Knobs Flat and other Corridor	Guiding	PAC-14-06-273	Milford Sound Tourism Limited	Guiding activities Fiordland (1 March 2018)	2033	



Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Knobs Flat and other Corridor	Access	PAC-14-04-32	New Zealand Transport Agency	Right of Way (Easement) SH94 Murrells Bus Park (C430001)	2034	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Knobs Flat and other Corridor	Guiding	36602-GUI	Nuggetburn Limited	Guided half day walks/4WD trips - Otago and Southland (Re-issue of OT-24938-GUI)	2024	
Knobs Flat and other Corridor	Guiding	45410-GUI	Packrafting New Zealand Limited	Guided tramping and packrafting trips in Fiordland and Wakatipu	2025	
Knobs Flat and other Corridor	Guiding	49911-GUI	s9(2)(a)	Guided short walks for the purpose of photography on various tracks throughout Canterbury, Otago and Southland.	2026	
Knobs Flat and other Corridor	Vehicle	61107-LAN	So So NZ Company Limited	Parking of tour buses at locations around Fiordland and Aoraki/Mt Cook to disembark/embark passengers	2027	
Knobs Flat and other Corridor	Guiding	63809-LAN	Sun Rise Tour Limited	Guided walking Fiordland and Hooker V. and Kea Point track - Aoraki (in conjunction with bus tours)	2028	
Knobs Flat and other Corridor	Guiding	51979-LAN	Wild Rides Fiordland Limited	WD tours, guided walking tours and guided mountain bike tours in Fiordland	2026	
Knobs Flat and other Corridor	Guiding	37186-GUI	New Zealand Run Safar Limited	Guided running and hiking trips in the Fiordland, Wakatipu, Central Otago, Nelson and Marlborough Districts	2024	
Knobs Flat and other Corridor	Guiding	36357-GUI	Adventure Southland Limited	Guided activities South Island including Limited Supply Situation - Fiordland National Park	2023	
Knobs Flat and other Corridor	Guiding	53760-GUI	Adventure and Education Holdings Limited	Guided helihiking, walking, rafting, snow shoe walking, abseiling and rock climbing, use of huts: Fiordland, Mt Cook, Westland, Mt Aspiring National Parks and other Conservation areas	2027	
Knobs Flat and other Corridor	Guiding	36921-GUI	Antipodes Travel Limited	Guided walks in North and South Islands, targeting French-speaking clients (Renewal of OT-21698-GUI with additional locations), includes Fiordland National Park Limited Supply Sites	2023	
Knobs Flat and other Corridor	Guiding	PAC-14-06-234-01	ANZ Nature Tours HTG Limited	Guided Day Walks - Limited Supply Situation - Fiordland National Park	2021	

Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Knobs Flat and other Corridor	Guiding	43217-GUI	Fiordland Tours Limited	Guided day walks in Fiordland National Park (cross reference with expiry at PAC-14-06-504, Includes Fiordland National Park Limited Supply Sites	2025	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Knobs Flat and other Corridor	Guiding	39260-GUI	Fiordland Trips and Tramps Limited	Guided walks, in Rakiura, Murihiku, Te Anau, Wakatipu, Central Otago, South Westland, Aoraki, including Southern Sounds Historic Sites and Limited Supply Situations Fiordland National Park	2024	
Knobs Flat and other Corridor	Guiding	36633-GUI	Wrybill Birding Tours (NZ) Limited	Guided Birding/Walking Tours - various sites within Auckland, BOP, Canterbury, ECHB, Nelson/Marlborough, Northland, Otago, Southland, Tongariro/Taupo, W ikato & West Coast	2023	
Knobs Flat and other Corridor	Filming/Photography	42936-FIL	James Kay Photography LLC	Photography workshops in South Island National Parks, Includes Fiordland National Park Limited Supply Site	2026	
Knobs Flat and other Corridor	Guiding	PAC-14-06-18-02	Real Journeys Limited	Guided kayaking, canoeing, walking and mountainbiking in Fiordland National Park	2022	
Knobs Flat and other Corridor	Guiding	48632-GUI	Qu enstown W derness Adventures Limited	Guided day walks in Stewart Island/Rakiura, Fiordland National Park and the Mavora Lakes Conservation Park	2026	
Knobs Flat and other Corridor	Guiding	44363-GUI	Te Tauri Family Trust	Guided walking, guided hunting, guided fly-fishing, passenger coach services, guided lake fishing, boat charters, water taxi services, scenic boat trips, boat charter operations and guided cycle tours in Fiordland National Park (Reissue of PAC-14-06-142, Includes Fiordland National Park Limited Supply Sites	2025	
Knobs Flat and other Corridor	Guiding	59974-GUI	Adventure South Limited	Guided hiking and mountain biking in various North and South Island locations, Includes Fiordland National Park Limited Supply Sites	2028	
Knobs Flat and other Corridor	Guiding	OT-32766-GUI	Nature Quest New Zealand Limited	Guided natural history walks in numerous locations throughout South and North Islands (Re-	2022	



Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
				issue of OT-14847-GUI), Includes Fiordland National Park Limited Supply Sites		
Knobs Flat and other Corridor	Vehicle	71074-LAN	s9(2)(a)	Relocating cars for hikers, from one trail head to the other in Fiordland National Park and Mount Aspiring National Park.	2029	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Knobs Flat and other Corridor	Vehicle	42978-OTH	TM (Travel Mate) Limited	Driving, parking and disembarking passengers at specified locations in Aoraki, Fiordland and Westland Tai Poutini National Parks.	2025	
Knobs Flat and other Corridor	Guiding	40370-GUI	Operation Mobilisation New Zealand	Guided walking South Island tracks, Includes Fiordland National Park Limited Supply Sites	2025	
Knobs Flat and other Corridor	Guiding	PAC-14-06-19-02	Fiordland Outdoors Company Limited	Milford Track guided walks and boat access to Gl de Wharf (LSS Pe mit)	2025	
Knobs Flat and other Corridor	Guiding	71052-GUI	Real Journeys Limited	Guided wa ing for bus coach gr ups in Fiordland Nat onal Park and at the Wild mess Scientific Reserve	2029	
Piopiota	Waste	PAC-14-18-38-02	Milford Soun Tourism Limite	Solid waste transfer station activities at Milford Sound	2023	
Piopiota	Waste	PAC-14-18-03	Milford Sound Tou sm Limited	Lease Milford Sound Wastewater Treatment Plant and approx. 1600 sqm industrial storage area. Associated easement for the sewage pipeline and ROW to treatment plant is PAC-14-04-68.	2028	
Knobs Flat and other Corridor	Accomm d tion	PAC-14-06-32	Hollyford Museum Charitable Trust Board	NATIONAL PARK LEASE. Structure Concession (Lease) - Land Lease at Gunns Camp Hollyford	2020	
Knobs Flat and other Corri r	Other	59954-DOA	New Zealand Transport Agency	To collect a roadkill kea from the Homer Tunnel area for the purpose of preserving through taxidermy and then displaying the specimen at the operations building at Homer Tunnel	2027	
Knobs Flat and other Corridor	Storage	PAC-14-18-40	New Zealand Transport Agency	Various sites along the Milford Road for storage, gravel extraction, dump	2030	
Knobs Flat and other Corridor	Telecommunicat ions	38781-TEL	New Zealand Transport Agency	Construction and installation of telecommunication facility at Crib Wall (Homer	2030	

Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
				Tunnel), 1879 Milford Sound Highway, Milford Sound, SH 94  Variation to PAC-14 05 04. (cross reference with permission; PAC-14-05-04)		s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Knobs Flat and other Corridor	Telecommunications	40119-TEL	New Zealand Transport Agency	Structure Concession: Licence for rock-fall monitoring camera and Remote Automatic Weather Station and associated infrastructure at Gulliver's Ridge, West of Homer Tunnel, SH94 Milford Road, Fiordland National Park.	2025	
Knobs Flat and other Corridor	Telecommunications	PAC-14-05-04-01	New Zealand Transport Agency	Structure Concession (Licence) (6) Highlevel automatic weather stations at Mt Belle, Consolation Peak, East Homer, West Homer, Lyttles Dip, M Crosscut and the Milford Road.	2020	
Knobs Flat and other Corridor	Telecommunications	38880-TEL	Tourism Milford Limited	Ultimate Hikes. Skelmorlie Lodge, FNP. Landmobile site.	2023	
Knobs Flat and other Corridor	Storage	40161-OTH	RD Petroleum Limited	Bulk Fuel supply tanks - Te Anau Downs and West Arm, Fiordland National Park	2026	
Knobs Flat and other Corridor	Telecommunications	38878-TEL	Tourism Milford Limited	Ultimate Hikes. Mount Pillans, FNP. Landmobile site.	2023	
Knobs Flat and other Corridor	Retail	50723 SER	s9(2)(a)	Mobile coffee van(s) (two) selling hot and cold beverages to the public in Fiordland National Park (Mirror Lakes site until 30 April 2022).	2026	
Knobs Flat and other Corridor	Guiding	72445-GUI	Altitude Tours Limited	Guided walking in Aoraki, Tekapo, Aspiring, Whakatipu and Fiordland National Park - Milford Sound	2029	
Knobs Flat and other Corridor	Guiding	78317-GUI	Envy Experiences Limited	Conforming tracks application to allow customers to go on short walks while on Milford Sound, Fiordland day trip.	2024	
Knobs Flat and other Corridor	Guiding	50861-LAN	4WD Expeditions Limited	Guided 4WD trips and short walks - Multiple South Island locations	2027	
Knobs Flat and other Corridor	Guiding	PAC-14-06-08	Hollyford Valley Walk Limited (Ngāi Tahu)	Hut site lease, guided activities and aircraft landings	2016	



Location	Type	Concession ID	Concessionaire	Concession Detail	Concession Expiration	Proposed works' impact to existing concessions
Knobs Flat and other Corridor	Guiding	PAC-14-06-89-01	Hollyford Valley Walk Limited (Ngāi Tahu)	Guided day walks at limited supply sites in Fiordland National Park	2026	s9(2)(j), s9(2)(i), s9(2)(b)(ii)
Knobs Flat and other Corridor	Guiding	PAC-14-06-02-14	Real Journeys Limited	Milford Track - Guided day walks	2026	
Knobs Flat and other Corridor	Guiding	48339-GUI	Wilderness Canoe Trust	Canoe journeys range from half-day to multi day throughout the South Island	2026	
Knobs Flat and other Corridor	Structures	PAC-14-18-42	Institute of Geological and Nuclear Sciences Limited	Licence High Impact - Structures -Installation of Seismic Equipment at sites within Fiordland and Rakiura National Parks. PAC-14-18-42	2025	
Knobs Flat and other Corridor	Accommodation	OT-31008-GUI	Tourism Milford Limited	Routeburn and Greenstone guided overnight walks combined into 1 guiding licence 1 lease for all the permanent structures, and 1 easement for the wastewater disposal systems	20 3	

# 06 MANAGEMENT CASE

RELEASED BY THE MINISTER OF CONSERVATION





# 06. MANAGEMENT CASE

The purpose of this management case is to set out the preferred institutional and regulatory arrangements to govern and manage the delivery of Option 4.

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## THIS CASE SETS OUT:

- 1 The current arrangements for governance, management and regulation of Piopiotahi Milford Sound, and why these are not sufficient
  - 2 A preferred new approach which will materially improve how to manage national parks under pressure, including enabling a shared vision and new planning approach
  - 3 A new management entity to manage the area and deliver the programme of works, and functions, powers, and capabilities required
  - 4 How the institutional arrangements have been designed to support self-funding
  - 5 How the new approach fits within the wider system and roles for agencies
  - 6 Policy and legislative implications of taking a new approach
  - 7 Implementation and transition approach, including core phasing
  - 8 Risks and assurance arrangements
-

## 6.1 Introduction and Purpose

The future envisaged by the preferred option is about more than a collection of physical works – it requires a step-change in how tourism pressures are managed in a national park and marine environment, with greater direct management and oversight of the pressures and experiences at place, how these can be used to give back to place, and how such arrangements are provided for and how risks and impacts are mitigated.

### Context

Current arrangements for management and governance of Piopiotahi Milford Sound are complex. The area sits at a nexus of regulatory regimes, including:

- > Conservation management, with the Fiordland National Park Management Plan (FNMP) (under the National Parks Act 1980 [NPA] and higher order planning frameworks) governing the use of the land and water in the National Park – including the allocation and management of concessions under the Conservation Act 1987. There is also a marine reserve in part of Piopiotahi
- > Land transport, with the mainland-based access via State Highway 94, funded through the National Land Transport Fund and operated by the Milford Road Alliance.
- > Resource management, with regional policy and regional and district plans in operation, notably including the Southland Coastal Plan which governs surface activities in the Sound itself (including access by cruise ships, and the activities of sightseeing boats operating out of Freshwater Basin).

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**The core Milford Sound experience – the journey through the National Park, on the highway, with a scenic cruise through Piopiotahi – is governed by three separate regimes.**

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Several other parties and regulatory regimes are also present, including

- > The Ministry of Transport, which owns the Milford Sound Aerodrome, operation of which is undertaken by Invercargill Airport under contract.
- > Emergency management arrangements, comprising Emergency Management Southland and the Fiordland Hazards Working Group, and a mix of responsibilities across the Department of Conservation (DOC) as land manager, operators, and the Milford Road Alliance through the rockfall and avalanche programme.
- > Fiordland Marine Guardians, which operate under their own Act to facilitate and promote the integrated management of the Te Moana o Atawhenua | Fiordland Marine Area.
- > Milford Sound Community Trust, established in 2007 by the Southland District Council (SDC) and DOC with the assistance of Environment Southland (ES) for the purposes of providing leadership and governance for the Milford community.
- > A complex mix of ownership arrangements across core infrastructure, including private owners and operators of water, waste, electricity, and telecommunications infrastructure, as well as the wharves and carparks, and other tourist and commercial structures.



**Figure 1. Overview of current management arrangements**

### LOCAL GOVERNMENT

**Entities:** Environment Southland, Southland District Council, Fiordland Community Board, Milford Community Trust (CCO).

**Roles:** ① Local democracy. ② Local infrastructure. ③ Public services.

**Acts:** *Local Government Act 2002.*

### CONSERVATION & NATIONAL PARKS

**Entities:** DOC, Conservation Authority, Conservation Board.

**Roles:** ① Park management. ② Statutory planning, including National Park Management Plans. ③ Concessions and other permissions and authorisations. ④ Monitoring and enforcement.

**Acts:** *Conservation Act, National Parks Act, Marine Mammals Act, Reserves Act 1977, Wildlife Act 1953.*

### RESOURCE MANAGEMENT (LAND & COASTAL MARINE AREAS)

**Entities:** Environment Southland, Southland District Council.

**Roles:** ① Planning, including: District Plan, Coastal Plan, regional plans. Resource consenting. ② Monitoring and enforcement.

**Acts:** *Resource Management Act 1991.*

### TRANSPORT

**Entities:** Waka Kotahi NZTA, Ministry of Transport, Milford Road Alliance, Airways, Harbourmaster.

**Roles:** ① Waka Kotahi owns, manages and maintains state highway through Alliance. ② MOT owns airport, operation by Invercargill Airport.

**Acts:** *Land Transport Management Act 2003, Government Roadway Powers Act 1989, Maritime Transport Act 1994, Civil Aviation Act 1990.*

### MANA WHENUA

**Entities:** Ngāi Tahu entities.

**Roles:** ① Eight Papatipu Rūnanga exercise mana whenua with expression of rangatiriranga and kaitiakitanga.

**Acts:** *Section 4 of the Conservation Act applies, Ngāi Tahu Claims Settlement Act 1998, Marine and Coastal Area (Takutai Moana) Act 2011.*

### INFRASTRUCTURE & TOURISM ACTIVITIES

**Entities:** Private companies.

**Roles:** ① Own and operate critical infrastructure, including: hotel, wharves, visitor terminal, parking, public amenities and three waters. ② Operate tourism activities including boat cruises, scenic flights, accommodation, and guided tours.

**Acts:** *Authorised by permissions and resource consents.*

### CIVIL DEFENCE/EMERGENCY MANAGEMENT AND HEALTH & SAFETY

**Entities:** Emergency Management Southland (comprised of the four Southland councils), the Fiordland Hazards Working Group, entities with 'Person Conducting a Business or Undertaking' (PCBU) responsibilities.

**Roles:** ① Manage risks, plan and carry out recovery activities. ② PCBU must look after health and safety of workers.

**Acts:** *Civil Defence Emergency Management Act 2002, Health and Safety at Work Act 2015.*

### REGIONAL PROMOTION & DEVELOPMENT

**Entities:** Great South: Southland Regional Development Agency, Destination Fiordland.

**Roles:** ① Promote Fiordland tourism. ② Regional development of Southland.



## Case for change

There is a strong view across stakeholders that current management and governance arrangements are not fit for purpose in an area under as much pressure as Piopiotahi Milford Sound. Nearly all stakeholders engaged with have indicated a desire for change in the area with governance a top priority.

“

**Governance is the thing we want resolved. A three-year plan of what we can expect. It's so hard to get anything done—for anyone—for DOC too. The National Park Management Plan expired but everything's based on it. There are so many different government agencies—water management, marine management. It's so hard to get anything done.”**

—Piopiotahi community member

### THERE IS NO SHARED VISION

The regulatory frameworks identified above focus on specific regimes and needs, meaning that there is not currently a shared vision, nor is there a process to support the development of a shared or common vision to better align the various regulatory roles and responsibilities for the place across regulatory agencies, and agreeing regulatory objectives or activity between the different agencies.

The existing governance arrangements, and in particular the National Park Management Plan do not provide sufficient guidance on how to make trade-offs between commercial, tourism, and conservation outcomes.

This creates risks of inconsistent approaches to managing the place.

### INSUFFICIENT ABILITY FOR NGĀI TAHU TO PARTICIPATE

Current arrangements provide for insufficient involvement of Ngāi Tahu and reflection of Ngāi Tahu values and heritage within the place. While the various plans recognise Ngāi Tahu interests,

Ngāi Tahu have indicated that their involvement is often focused on individual decisions, rather than strategic direction and intent.

### CURRENT MANAGEMENT TOOLS ARE NOT RESPONSIVE

The National Park Management Plan, as the main strategic document for the area, is out of date. While it identifies many similar challenges as the Masterplan, in many areas it remains largely unimplemented. The statutory process for amending the plan is cumbersome and lengthy, constraining the ability of current decision makers to respond to changing circumstances and needs.

Operators have cited a high degree of inflexibility in managing the place, often tied to highly specific provisions in the National Park Management Plan with no clear pathway to amend, update, or clarify that plan to respond to emerging pressures.

DOC also has limited capability and capacity to address some of the inherently commercial judgments that are required in the area.

“

**I don't really think the place gets that well looked after by DOC... The chicken wire has lifted off the bridge ... lookout not maintained, walkway from the carpark flooded”**

—Milford community member

### DISPERSED RESPONSIBILITIES HAS CREATED A LACK OF TRANSPARENCY AND LACK OF CERTAINTY

As responsibilities are dispersed between regulatory and private entities, there is not currently a central coordinating entity charged with overseeing the overall performance of the area.

Operators need to navigate a range of regulatory regimes to seek both concessions and consents, and often require multiple permissions to undertake a single activity. Decisions are made separately under each regime, and under inconsistent timelines.



“

**I've seen a real hotchpotch in terms of managing all the assets—sewerage, water supply, power, toilets at Knobs flat. It's really lacked an overarching well-coordinated team.”**

—Te Anau local

This has led to a lack of transparency in how different decisions are made (for example, how funding collected through privately collected passenger levies is used) or who is responsible for making various decisions (for example, who is responsible for maintaining different assets).

The current concessions regime in particular creates unproductive competition, with limited incentives for collaboration, investment, and innovation. The relatively limited supply and first-in-first-served nature of concessions (and some consents) makes it difficult to welcome new entrants to enter the market and promote greater competition and innovation.

Stakeholders have cited a general lack of presence from DOC and uncertainty about the role of Milford Sound Tourism Limited (MSTL).

“

**Milford has lacked a managing authority—that's the ingredient that's been missing... those companies are not on this earth to manage assets, they're here to run tourism activities.”**

—Te Anau local

Operators have expressed frustration with the time taken to seek appropriate permissions for what are perceived as minor changes, let alone more significant changes, and overall lack of flexibility in the management regimes.

Where permissions are in place, we have heard from DOC that there are limited mechanisms for oversight and reporting, with monitoring of concession terms and conditions or reporting on decisions being made.

#### A CHANGE IS NEEDED

Overall, the current arrangements are not well suited to address the pressing challenges facing Piopiotahi Milford Sound. The current frameworks do not provide sufficient tools and do not enable responsive management to adapt to changing circumstances. A new system is needed which can:

- > **Support more coherence across multiple regulatory system** to reduce costs of compliance and provide more certainty to better incentivise investment that meets the needs of the natural environment
- > **Enhance coordination between management entities and operators** to tackle the most pressing challenges, including growing congestion
- > **Provide greater clarity and certainty on the outcomes we are seeking** from infrastructure investment, and more effective prioritisation of that investment, and
- > **Enable a shared vision and outcomes to drive collective contribution** to conservation work and individual actions to mitigate effects.

## Planning framework for Piopiotahi Milford Sound

Piopiotahi Milford Sound is primarily governed by dual statutory planning regimes; the National Parks Act 1980 and Conservation Act 1987 administered by DOC, and the Resource Management Act 1991 administered by councils. Local government and transport plans are also relevant.

<p><b>National parks and conservation regime</b></p>	<p><b>The General Policy for National Parks 2005</b> and the <b>Conservation General Policy 2005</b> provide consistent national direction for the administration of national parks and conservation areas respectively, to be implemented through lower order strategies and plans.</p> <p><b>The Southland Murihiku Conservation Management Strategy 2016</b> implement statements of general policy and establishes objectives for the integrated management of natural and historic resources, including species managed by DOC, and for recreation, tourism and other conservation purposes.</p> <p><b>The Fiordland National Park Management Plan 2007</b> provides for how DOC will manage the park in accordance with the General Policy for National Parks. This is coupled with <b>Fiordland National Park Bylaws 1981</b> which set relevant requirements identified in the management plans.</p>
<p><b>Resource management regime</b></p>	<p>Under the RMA and national direction, regional and district plans provide the framework for how councils will carry out their resource management responsibilities in the area. Key plans for Environment Southland include the <b>Southland Water and Land Plan</b>, the <b>Regional Coastal Plan</b> for the Coastal Marine Area, the <b>Air Plan</b> and <b>Iwi Management Plan</b>. The <b>Southland District Plan</b> is the key plan for how the Southland District Council manages land use.</p> <p>The <b>Regional Coastal Plan</b> is the key instrument for regulating and managing water-based activities in Piopiotahi Milford Sound.</p>
<p><b>Local government</b></p> <p><b>Roading</b></p>	<p>Local authority activity is also guided by annual and long-term plans.</p> <p>As a State Highway, the Milford Road is managed by NZ Transport Agency Waka Kotahi under the <b>National Land Transport Programme</b>, and <b>Otago-Southland Regional Land Transport Plan</b>.</p>

### CASE STUDY

## Authorisations required for boat cruises in Piopiotahi Authorisations required for boat cruises in Piopiotahi Milford Sound

There are a range of authorisations required for the boat cruise activity in Piopiotahi from both DOC and Environment Southland. There are a range of authorisations required for the boat cruise activity in Piopiotahi Milford Sound from both DOC and Environment Southland.

Day cruise operators hold surface water permits under the Coastal Plan (ES), a concession sub-licence from the wharf operator under the concession to use the visitor centre/wharf (DOC) and marine mammal watching permits if relevant (DOC). If the cruise is overnight, mooring permits are required (ES) and if in the marine reserve additional mooring permissions are needed (DOC). The visitor centre/wharf owner and operator holds a concession for the visitor centre/wharf (DOC), resource consent for structures in the CMA (ES), and resource consents for surface water activity in the RMA (ES). This activity relies on visitors arriving and using either the carpark which is operated under concession (DOC), or by bus/coach with these operators holding concessions (DOC).

We have heard from operators that each these permissions are all issued for different timeframes, impacting the overall certainty that they have on how long they are authorised to run their business. This illustrates the need for cohesiveness from DOC and local government in how they regulate activities in the area to ensure workability for operators, alongside achieving the respective regulatory objectives of protecting key national park and environmental values in the area.



## Treaty partnership implications and interests

- > **The interests of Ngāi Tahu in the management and protection of te ao tūroa are well-established and are articulated in law** across a variety of frameworks including Treaty settlement, conservation, resource management and the marine and coastal area. These frameworks provide commitments and requirements for the Crown.
- > **The settlement framework** comprises the Ngāi Tahu Claims Settlement Act, Settlement Deed and fisheries settlements. This includes obligations that relate to Piopiotahi Milford Sound directly, conservation decision making, and recognition of Ngāi Tahu rangatiratanga in the Takiwā.
- > Section 4 of the Conservation Act guides decisions made by the Department of Conservation and by Cabinet, requiring administration of the Act **to give effect to the principles of the Treaty**.
- > The Supreme Court decision in *Ngāi Tai ki Tāmaki Tribal Trust v Minister of Conservation* [2018] NZSC 122 (*Ngāi Tai*) sets out that Section 4 of the Conservation Act requires **more than procedural steps**. Substantive outcomes for iwi may be necessary including, in some instances, requiring that concession applications by others be declined. While section 4 **does not create a power of veto** by any iwi or hapū over the granting of concessions in an area where they have mana whenua status, **it may be necessary to decline their concession applications to satisfy section 4**. The Court identified that iwi economic aspirations are relevant considerations.
- > **Iwi or hapū reconnection to their ancestral lands** by taking up opportunities on the conservation estate (whether through concessions or otherwise) **is one way that the Crown can give practical effect to Treaty principles**.
- > Beyond the conservation regime, **a variety of regimes specify obligations** on government that may relate to Ngāi Tahu as mana whenua. This includes the Resource Management Act (Treaty principles to be taken into account) and Marine and Coastal Area (Tūturi Moana) Act (enables mana whenua to establish customary rights).

## Implications for governance and management arrangements

- > The referred approach should consider options that enable **a more strategic approach to the governance and management of Piopiotahi Milford Sound including Ngāi Tahu participation in that strategy setting** that recognise Ngāi Tahu tino rangatiratanga and its expression through kaitiakitanga.
- > The Board also sees the benefit of a **new approach to concession arrangements as enabling a greater opportunity to realise economic, social and cultural aspirations for Ngāi Tahu and their whānui**.
- > **The ability for the investment to better reflect the aspirations of Ngāi Tahu** including recognition of their ancestor Tū Te Rakiwhānoa and his work to shape Te Rua o te Moko | Fiordland National Park with Hine Titama. In this sense, the cultural narrative will be important in shaping considerations of what is appropriate and inappropriate development and management.
- > **The ability for tūturu wāhi ingoa (traditional place names) and ngā ara tawhito (traditional routes) to be promoted** to the point of becoming the default names used within Te Rua o te Moko | Fiordland National Park by visitors, operators and Crown agencies involved.
- > The degree to which cultural identity of Ngāi Tahu **is expressed in the built environment (including with sufficient funding) and non-built environment**, the standard to which this is upheld, and to whom this accountability sits to ensure the standard is maintained.

## 6.2 What we need to do

Design objectives and principles capture what is required for success. It is important to consider design of management and governance arrangements as a whole, balancing the different elements and perspectives to find a design that best achieves the intended purpose.

The selected approach should meet all design objectives. Inevitably there will be trade-offs between some of these principles in making decisions on a preferred design.

- > **Design objectives** are specific to the development of any new model, ensuring that it will give effect to the Masterplan. With design objectives we can compare different options to get the right one, on balance.

- > **Design principles** are not the primary objectives driving the change, but they include considerations that are specific to the context of the change and are important to take into account when coming up with options, as well as generic 'good practice' design considerations.

In practice determining the main management and governance options involves balancing these objectives and principles and making trade-offs between them. As the options are developed, having the objectives and principles in place help us to compare each option and be explicit about the trade-offs available.

### Design Objectives

The Board identified five objectives to guide thinking for management and governance arrangements:

1. Enable a shared long-term vision and strategic approach for the place
2. Support more coordinated and responsive decision-making across central and local government agencies and with iwi
3. Provide appropriate institutional mechanisms to implement the programme at the pace and scale sought (including capability, capacity, and ability to access finance)
4. Recognise and reflect the interests and role of Ngāi Tahu as partners, and
5. Capacity and capability to coordinate and implement change under current regime.

### Design Principles

The Board agreed to the following design principles:

Table 1: Design principles

Design principles	Description
Fit for purpose	<ul style="list-style-type: none"> <li>&gt; Reflect and support the functions most important to implement and govern the masterplan proposals</li> <li>&gt; Preserve flexibility to change focus and functions over time</li> <li>&gt; Recognise the importance of Piopiotahi Milford Sound to New Zealand's heritage and as a place of significance, including for Ngāi Tahu</li> <li>&gt; Recognise the role of private enterprise in delivering the visitor experience and the opportunity to better align commercial and environmental outcomes</li> <li>&gt; Avoid unnecessary disruption.</li> </ul>



Design principles	Description
<b>Effective and efficient</b>	<ul style="list-style-type: none"> <li>&gt; Identify and allocate risks and accountabilities to where they are appropriately managed</li> <li>&gt; Efficient use of capabilities and experience including those of the Treaty partner</li> <li>&gt; Effective relationships, information flows and communication across related areas of work</li> <li>&gt; Effective specialisation and segmentation of tasks and focus.</li> </ul>
<b>Appropriate separation of interests</b>	<ul style="list-style-type: none"> <li>&gt; Governance decisions on oversight and strategic direction</li> <li>&gt; Regulatory decisions and enforcement relating to enabling, monitoring and enforcement of key outcomes</li> <li>&gt; Management and delivery of key activities</li> <li>&gt; Commercial activities.</li> </ul>
<b>Support confidence</b>	<ul style="list-style-type: none"> <li>&gt; Facilitates an effective working relationship between: <ul style="list-style-type: none"> <li>— Treaty partner</li> <li>— Operators and concession holders</li> <li>— Local community and their representatives, and</li> <li>— Stakeholders</li> </ul> </li> <li>&gt; Options consider the impact on and role of affected entities</li> </ul>
<b>Value for money</b>	> Appropriately balance cost and disruption with need for change (including potential duplication)
<b>Financial sustainability</b>	> Enable access to funding mechanisms that will support the implementation of the masterplan

## What's in scope?

Within these objectives and design principles, we also need to consider the specific functions and activities that need to be undertaken, and where they should best sit. We identified a wide range of potential functions and activities, that are set out in Appendix 6.1

## Form should follow function

From this long list, we identified a subset of specific functions necessary for the specific governance and management of the preferred option:

**Table 2: Functions and activities**

Layer	Functions and activities
<b>Governance and strategy for the place and the programme</b>	<ul style="list-style-type: none"> <li>&gt; Developing a shared vision for the area across regimes and agencies</li> <li>&gt; Updating relevant plans and strategies to give effect to the shared vision, including relevant regulatory approval processes</li> <li>&gt; Proposing an access charge, including purpose, amount, and eligible investments</li> <li>&gt; Identifying process and priorities for making investments into environmental and community outcomes (giving back)</li> </ul>

Layer	Functions and activities
	<ul style="list-style-type: none"> <li>&gt; Monitoring and providing advice to Ministers on implementation progress</li> <li>&gt; Relationship reflective of Treaty of Waitangi responsibilities.</li> </ul>
Management of the place	<ul style="list-style-type: none"> <li>&gt; Operation, and delivery of core public good infrastructure and services</li> <li>&gt; Ownership, maintenance and renewal of public good assets</li> <li>&gt; Management of commercial operators and activities (including negotiations)</li> <li>&gt; Implementation of the access charge and access controls, including compliance and education</li> <li>&gt; Monitoring visitor experience and visitor trends</li> <li>&gt; Monitoring tranquillity and biodiversity impacts</li> <li>&gt; Supporting and enabling integration of Ngāi Tahu narrative</li> <li>&gt; Hazard and risk monitoring and coordination.</li> </ul>
Delivery of the programme	<ul style="list-style-type: none"> <li>&gt; Project planning and coordination of investments, including consenting</li> <li>&gt; Procurement and contract management with delivery partners</li> <li>&gt; Oversight and monitoring of physical works</li> <li>&gt; Accessing private finance, and debt servicing</li> <li>&gt; Disbursement and investment</li> <li>&gt; Communications and engagement on works planning and implementation.</li> </ul>

### What's out of scope?

A new approach is not responsible for:

- > **Activities related to permissions - In particular, individual concession and resource consenting processes** should be separate from any new management activity to support the design principle of appropriate separation of interests. However, the Board notes that there is significant opportunity for regulatory agencies to work together more effectively and with more coordination to better align decision-making processes where appropriate, providing greater certainty to process and timing, making it easier to do business while supporting an improved visitor experience.

- > **Destination marketing** - The focus of any new arrangements to better manage and protect the taonga into the future. Functions related to destination marketing or sales sit at odds with this function; although the entity is likely to play a role in helping coordinate and promulgate a core message for operators and partners to use in their marketing processes.<sup>1</sup>

<sup>1</sup> MBIE has shown that effective marketing and promotion is a core part of destination management; however, marketing activities typically lie with regional tourism organisations or economic development agencies, in partnership with operators. We believe there is merit in continuing this approach, with some support (but not responsibility) from the new entity.



## We considered two main approaches

Following a longlisting process Appendix 6.2, we shortlisted two main options:

### 1. A materially new approach, backed by statutory carve out and a dedicated entity

This approach would create a new statutory process for setting a shared vision and replacement section of the National Park Management Plan for the area, supported by a dedicated management, investment and delivery entity.

### 2. Enhancements within status quo

This approach would strengthen how current entities work together, including seeking updates to the National Park Management Plan through usual review processes, supported by an Advisory Board to recommend changes needed and to monitor progress. Overall delivery would be through a dedicated unit within DOC, supported by MOU with agencies to implement a shared work plan.

The Board recommends that a materially new approach is needed.

Table 3: Assessment of the shortlist

Assessment criteria	Materially new approach	Enhanced status quo
Fit for purpose	<ul style="list-style-type: none"> <li>&gt; Promotes more integrated stewardship and shared vision</li> <li>&gt; Identifies and balances core trade-offs needed</li> <li>&gt; Provides greater transparency and certainty on objectives and outcomes sought.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Lower level of certainty in ability to drive a shared vision across agencies</li> <li>&gt; May prioritise the importance of conservation within Piopiotahi Milford Sound to New Zealand's heritage and to Ngāi Tahu over other key values</li> <li>&gt; Less certainty in ability to achieve change.</li> </ul>
Effective and efficient	<ul style="list-style-type: none"> <li>&gt; Risk of some duplication of functions or activities with existing agencies, somewhat mitigated by relatively constrained geographic scope</li> <li>&gt; Provides opportunity to rethink system and ensure interventions are targeted to need</li> <li>&gt; Will cause disruption to existing system and roles/responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Brings key functions together to utilise existing capabilities and experience, including those of the Treaty partner</li> <li>&gt; Builds off existing relationships, information flows and communications with DOC</li> <li>&gt; Provides opportunity to build bespoke culture.</li> </ul>
Separation of interests	<ul style="list-style-type: none"> <li>&gt; Requires careful design to mitigate conflicts</li> <li>&gt; Some muddying of regulatory roles and responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintains appropriate commercial / regulatory separation of interests</li> <li>&gt; Maintains regulatory coherence.</li> </ul>
Supports confidence	<ul style="list-style-type: none"> <li>&gt; Addresses concerns of confidence from across the system, recognising strong feedback from across key stakeholders</li> <li>&gt; Enables more defined participation from Treaty Partner.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Unlikely to address low confidence from stakeholders in capability of current arrangements to deliver.</li> </ul>
Value for money	<ul style="list-style-type: none"> <li>&gt; Requires commitment of resources to establish entity and Board</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Requires commitment of resources (money and staff) to establish and work in Unit</li> </ul>



Assessment criteria	Materially new approach	Enhanced status quo
Financial sustainability	<ul style="list-style-type: none"> <li>&gt; Causes system disruption</li> <li>&gt; Greater certainty on how money is spent.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Minimises risk of duplication of functions</li> <li>&gt; Minimised system disruption.</li> </ul>
	<ul style="list-style-type: none"> <li>&gt; Simpler to design for self-funding arrangements and provide appropriate safeguards on levy funding</li> <li>&gt; May design to more easily enable receipt of private or third-party funding.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; May be subject to wider cost pressures</li> <li>&gt; Loss of certainty of allocation of levy funding to identified priorities in the long term.</li> </ul>
Overall assessment	> Preferred due to greater certainty, dedicated functionality, flexibility in design	> Not preferred due to concerns of longevity, desired independence and ability to weather shifting priorities



Image: Tom King via Unsplash



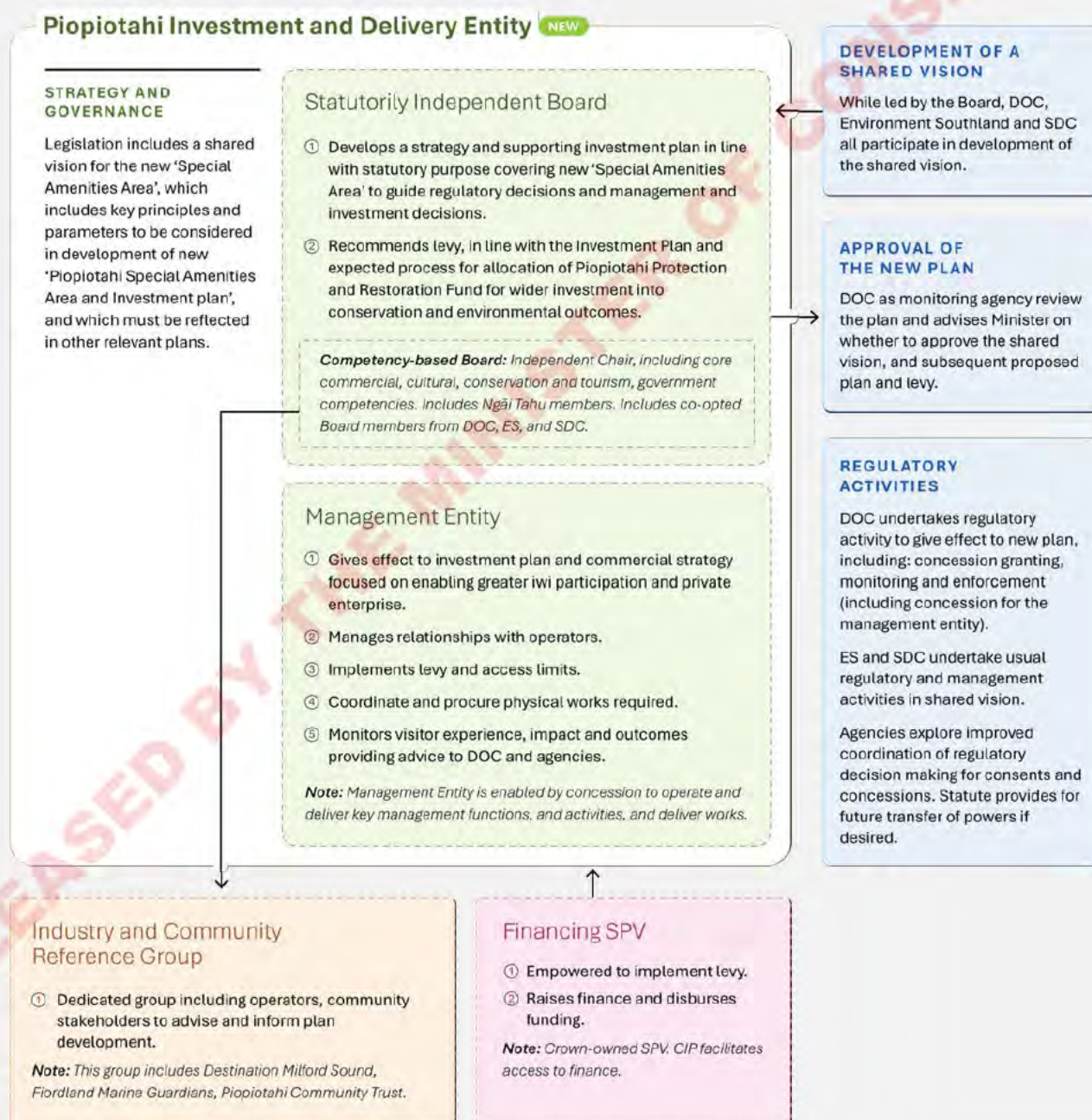
## 6.3. A materially new approach to governance and management

**Summary: A new strategic approach supported by a dedicated entity**

The Board's preferred approach is a materially new approach to the governance and management of Piopiotahi Milford Sound

An overview of this approach is set out below.

Figure 2. New strategic approach



#### KEY FEATURES OF NEW APPROACH

- > Creating an **enhanced Piopiotahi Amenities Area (Special Amenities Area)**, to better manage the pressures of high volume.
- > Providing for a **shared vision** to guide the activities of interested parties on both the land and the water.
- > A **more responsive planning approach** through a new **Piopiotahi Amenities Area and Investment Plan** that **replaces relevant sections of the NPMP** for the new Piopiotahi Special Amenities Area and identifies the packages of works to be delivered and over what timeframe.
- > DOC regulatory activities required **to give effect** to new plan, with that plan identifying the appropriate concessioned activity, proposed allocation process and condition set.
- > ES and SDC planning functions also required **to give effect** to the shared vision, including through the Coastal Plan, District Plan, and regional policies and plans including the regional land transport plans.
- > Primary responsibility for governance and management of that area shifts to **new Piopiotahi Investment and Delivery Entity with purpose and functions defined in legislation**.
- > Institutional arrangements and accountabilities **to support private financing**.

## Enabling better governance and planning for national parks under pressure

### Creating a new approach for the area

The National Park Management Plan is developed by the Southland Conservation Board, DOC, and Treaty Partner. It is approved by the Conservation Authority (taking into consideration feedback from Ministers). Ngāi Tahu have statutory representation on the Conservation Board and the Conservation Authority.

The current process has a significant consultation and engagement component, which provides checks and balances to ensure management plans are informed by and reflect local community and stakeholder views, as well as ensuring plans protect conservation values more broadly.

However, it has historically taken multiple years to review and amend plans, with many Conservation Strategies and National Park Management Plans out of date. While this approach may be suited to conservation protections which need to be considered over the longer term, it is not serving specific areas

under pressure well, as it is difficult to review and amend to adapt to emerging issues.

We propose a new approach to support more targeted and responsive governance and management of the areas under specific pressure, building on an existing tool in section 15 of the NPA – the ‘amenities area’.

Currently, amenities areas are used to enable development and operation of recreational and public amenities and related services at a scale and intensity which is not generally appropriate elsewhere in the park, while also providing a mechanism to constrain that development to a defined area within the statutory planning process.

Within the defined area, the principles applicable to national parks, notwithstanding section 4 of the NPA, apply only so far as they are compatible with the development and operation of amenities and services.

In practice, this means that consideration of national park values, such as preservation of natural heritage and biodiversity, while still important, becomes secondary to providing recreational and public facilities within the prescribed area.

Piopiotahi Milford Sound is located within a UNESCO World Heritage Site. Aotearoa New Zealand has obligations under the World Heritage Convention to protect and conserve World Heritage. This means changes both within



and adjacent to World Heritage properties need to be managed in line with the Convention's objectives to protect and conserve of the Outstanding Universal Value of the area. An initial assessment has been undertaken of the impacts of the proposals on these values. It found that while there are potential impacts, these are minimised to a certain extent by the overall objective of focusing changes within areas of existing modification, and by focusing the majority of any necessary development to

areas which have previously been modified. As such, the protection and conservation of the Outstanding Universal Values of the World Heritage property is anticipated to be achieved. UNESCO obligations will need to remain a key consideration through any changes to the planning framework to ensure the World Heritage status is maintained.

#### Example: Aoraki

An amenities area was gazetted over the Mount Cook Village in 1999 acknowledging that there will be an emphasis on recreational and public amenities and related services, in contrast to the preservation emphasis for the balance of the Park. The design of services and buildings within the Village has been managed to complement and be subservient to the wider natural landscape of the Park and to reflect the World Heritage Area status and International Dark Sky Reserve status which apply across the Park, inclusive of the amenities area.



Image credit: Sebastian Knoll, Mueller Hut near Aoraki via Unsplash

#### STRENGTHENING THE 'AMENITIES AREA'

We believe there is merit in strengthening this approach to also provide for new tools and management approaches to better respond to pressures within Piopiotahi Milford Sound. This approach has the potential to be of benefit in other areas of the conservation estate. It would include:

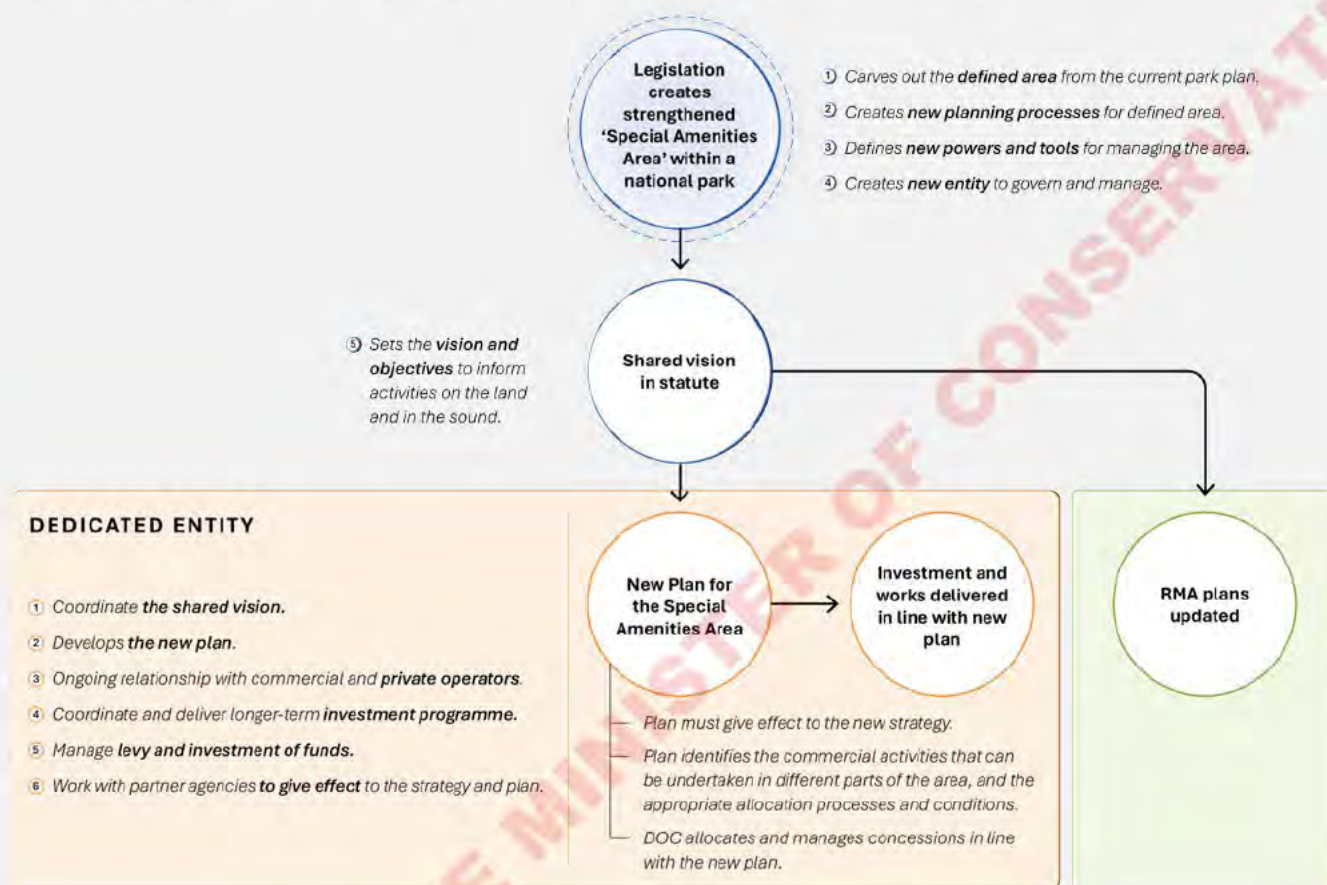
- > carving the area out of the current NPMP and creating a new strategy and approach to planning for a Piopiotahi Special Amenities Area Plan development and approval, including:
  - clearer ability to make trade-offs between conservation, environment, tourism, and commercial outcomes, and
  - how plans inform DOC and local government processes, including the



requirement to give effect to the shared vision through usual plan review processes.

> identifying the range of powers and functions that would be available to manage within this area.

Figure 3. Enabling a shared vision to guide governance and management activities across agencies



### ENABLING A SHARED VISION TO IMPROVE INTEGRATED MANAGEMENT ACROSS REGULATORY REGIMES

Within this approach, a key shift will be providing the mechanisms to develop and agree a shared vision and set of objectives for the area to be set in legislation.

This vision needs to cover both the Piopiotahi Special Amenities Area, and the activities occurring on the water within Piopiotahi Milford Sound, recognising that the relationship between the activities on the land and on the water is key to the overall functioning of the area and the visitor experience, but that these are currently under separate regulatory regimes.

Agencies, including DOC, ES, and SDC, would have a role in developing this shared vision.

The Board considered a range of ways to enable this vision, and how to best ensure that it promotes a strengthened shared approach to considering and managing the issues, including

- > agreements between agencies setting out roles and responsibilities and how they will work to reflect the vision
- > statutory reporting requirements against the principles of the shared visions, and
- > requiring relevant agencies to 'give effect' to this vision as part of their planning and decision-making processes, including considering whether changes would be needed to their statutory plans and policies.

While existing plans and policies 'have regard' to other relevant plans and policies, to date this has not



sufficiently promoted integrated stewardship and management. The Board considers that a specific strengthened requirement is preferred to drive a change in behaviours and ensure that agencies have ‘skin in the game’ in the development of the shared vision. This would involve a statutory requirement for the shared vision to be ‘given effect’ to rather than the less stringent ‘have regard’.

#### WHAT IS MEANT BY ‘GIVE EFFECT’ OR ‘HAVE REGARD?’

- > **“Give effect to”** is a requirement to actively implement higher level policy and planning documents.
- > **“Have regard to”** is a weaker requirement, which means usually means the decision maker must give genuine attention and thought to but not necessarily implement the provision or policy.

Examples might include:

- > ES would need to work with the new Piopiotahi Investment and Delivery Entity to consider:
  - what the shared vision means for the Coastal Plan, and in particular for how it regulates surface water activities within the defined area, including number and frequency of sightseeing vessels or cruise ships, and
  - whether there are any implications in other regional plans such as the regional water plan.
- > SDC would need to consider implications for the District Plan, and whether a District Plan Change process is required to create a Piopiotahi Special Amenities Area overlay, or whether activities can be sufficiently achieved either directly by a Crown entity,<sup>2</sup> or through requiring authority status for the Piopiotahi Investment and Delivery Entity.
- > Where the shared vision has implications for these plans, the relevant Council would be required to make changes to the plan through their usual processes.
- > The Piopiotahi Investment and Delivery Entity would be required to give effect to the shared vision through its development of the Piopiotahi Special

Amenities Area and Investment Plan. It would also have a function of working with agencies to advise on what ‘give effect’ would mean for different plans and policies.

- > DOC would need to give effect to the vision and spatial plan through its concession allocation and management approaches.

The Board is aware that applying a requirement to ‘give effect’ under the RMA is a very high threshold to pass. To work, the shared vision would need to prevail over a range of higher order planning documents, and would require legislative change.<sup>3</sup> The Board considers that this approach is necessary to achieve the level of integrated stewardship and management that is necessary to effect change within Piopiotahi Milford Sound.

Ministers will need to carefully consider the implications of this approach for the coherence of the local resource management planning framework and the ability of local regulatory authorities delivering on their statutory obligations.

The Board considers that the relatively constrained geographic scale of the area proposed to be covered, the requirement for all relevant agencies to be involved in developing the shared vision, and the ability to draw on precedent in other areas are mitigating factors.

The Board is also aware that the Government is embarking on a wider reform of the RMA, which may affect the hierarchy of planning documents and how these relate, including the role of a legislative framework for spatial planning to enable longer term, integrated planning.<sup>4</sup>

If this proposed approach is not preferred due to the pending changes or the scale of impact, consideration should be given to the alternative approaches identified to ensure more joined up decision making at place is achieved.

### A new approach to developing a ‘Piopiotahi Special Amenities Area and Investment Plan’

Changes will be required to the National Park Management Plan to enable Option 4. An initial assessment has shown that 27 of the proposed

<sup>2</sup> Under the District Plan, Council acknowledges that activities and works of the Crown can be undertaken within the boundaries of any area of land held or managed under the Conservation Act 1987, as long as it is consistent with the relevant Conservation Management Strategy or National Park Management Plan and will not give rise to significant adverse effects beyond the boundary of the area of land.

<sup>3</sup> This is discussed further in the ‘Implementation’ section and in Appendix 6.5

<sup>4</sup> <https://environment.govt.nz/assets/publications/Work-Programme-for-Reforming-the-Resource-Management-System.pdf>

features are unlikely to be consistent with the current plan, and 11 are unclear.

Under this new approach, a new Piopiotahi Special Amenities Area and Investment Plan would be developed by the Piopiotahi Investment and Delivery Entity. This plan would replace the relevant sections of the National Park Management Plan and be focused on the activities that can be undertaken within the Corridor and the Village.

The Piopiotahi Special Amenities Area and Investment Plan would:

- > identify the priorities planned for Piopiotahi to give effect to the vision
- > spatially plan the area, identifying the commercial activities and visitor experiences that occur within each part, and the environmental and conservation outcomes that should be sought or protected
- > recommend a process for allocating concession opportunities, including methods of tender or conditions that should be applied
- > identify access controls or limits that should be in place
- > include an investment and implementation plan which sets out a programme of works over the course of the plan's life (see Commercial Case)
- > allocate funding for conservation and environmental activities in collaboration with DOC, and other interested parties and recipients
- > recommend scope, quantum, and purpose of any access charge, and
- > address any other matters needed to guide management of the park.

As part of implementation planning, further detail on the process for preparing and approving the new vision and Piopiotahi Special Amenities Area and Investment Plan will need to be worked through, including confirming processes for public involvement and consultation, and approval.

### **This approach changes accountabilities and decision-making processes.**

Given the focus on balancing tourism and conservation outcomes, we have recommended that the Ministers for Conservation and Tourism be the decision-making ministers for establishing this new approach, and approving the vision and plans within it. Given the impact on plans developed under the RMA, this may

include a requirement to consult with the Minister for the Environment.

The current purpose and functions of the Conservation Authority and Conservation Board are unlikely to sit comfortably with the wider mandate and trade-offs envisaged. Through the implementation stage, further policy work should consider how this new approach should sit within the wider national park planning framework and decision-making process, and potential wider reforms that may be considered.

### **The Piopiotahi Special Amenities Area would remain part of Fiordland National Park but under a bespoke management regime**

The Piopiotahi Special Amenities Area has potential to be more enabling of use and development than the status quo, due to both the section 4 principles of the NPA only applying insofar they are compatible with the development and operation of amenities and services, and the Plan being approved by Ministers rather than the Conservation Authority. The approach will need careful policy design and management to ensure use and development is balanced with the protection of conservation and environmental values. The following provisions will help address this:

- > a statutory definition of principles for the Area that confirms National Park principles still apply, as modified by the Special Amenities Area exception.
- > a requirement that Conservation and National Park values remain a key consideration in Plan development.
- > tightly defined spatial boundary of the Piopiotahi Special Amenities Area to areas of existing use and modification with limitations on any expansion.
- > the Entity developing and recommending the Plan having its purpose and capabilities focused on conservation as well as visitor experience.
- > the Entity will require concessions from the Minister of Conservation and consents from local government, providing scrutiny and oversight and protection of values.
- > consultation and engagement requirements in Plan development, including the Conservation Authority, Board and DOC remaining as key advisors to the Ministers on Plan changes, along with Ngāi Tahu and key stakeholders.



## Defining the geographic scope

The area of immediate focus is for a new governance and management approach is from Head of Piopiotahi (~Anita Bay/Dale Point) through the inland moana to the place itself (Piopiotahi) and along the Road Corridor out to entrance of the National Park.

A wider approach is anticipated for the potential reinvestment of the levy into the natural environment.

Exact boundaries for both the new management approach where funds can be applied, and the scope for funding beyond the immediate corridor and village will need to be tightly defined through the levy design and legislative drafting.



### Te Anau

Visitor centre and hub. Park and ride and associated infrastructure.

**FUND:** Enable expenditure to occur in Te Anau in line with purpose under the Act.



### Corridor and Village

Package of infrastructure investments and new activities.

**GOVERN, MANAGE AND FUND**  
Govern and manage the corridor and village. Focus of investment activity.



### Piopiotahi inland Marine areas

Surface water activities from Dale Point to Piopiotahi.

**GOVERN FUND:** Govern surface water activities on the inland waters of Piopiotahi, through the ES Coastal Plan which will give effect to the shared vision.



### Fiordland National Park

Largest national park in NZ at 1.2m ha.

**FUND:** Enable expenditure to occur within the park via giving back mechanisms but do not govern or manage the park in line with purpose under the Act.



### Fiordland Marine Area

Awarua Pt to Sandhill Pt, and 12 nautical miles off the coast.

**FUND:** Enable expenditure to occur within the marine area via giving back mechanisms but do not govern or manage the waters in line with purpose under the Act.

## Where exactly will the new Special Amenities Area be?

A key principle is that the Special Amenities Area should be focused on the areas under pressure and where a new approach is needed.

We expect that the boundary, to be carved out from the current National Park Management Planning process, will be similar to the current definitions of the Milford Village and Corridor frontcountry areas, but expanded to include the key nodes and activity areas (including the cycleway) proposed through the business case.

We will need a broader definition as many of the tracks and activities proposed go beyond the currently defined area, and into back country areas and remote settings.

The Piopiotahi Special Amenities Area would be defined to capture the key nodes and activities or investments

with a buffer to support safety, amenity, and conservation.

The specific boundary, in line with these principles, should be identified through the implementation phase based on the final mix of investments and activities taken forward. Consideration will need to be given to whether to include all tracks sit within the Piopiotahi Special Amenities Area, or just the nodes. This will be dependent on the nature of the activity and ability to implement it within the current National Park Management Plan.

The boundaries should be defined in consultation with Ngāi Tahu, to ensure that they capture the relevant significant places and places of interest for Ngāi Tahu.

## A dedicated entity to provide more direct and joined up management

Core to the new arrangements is the proposed establishment of a dedicated entity to govern and manage the area, and deliver the programme of works, supported by defined roles and functions set in legislation.

### What role will the new Piopiotahi Investment and Delivery Entity play?

The proposed Piopiotahi Investment and Delivery Entity's purpose is to:

- > manage and protect Piopiotahi Milford Sound for now and the future, and
- > lead and integrate a programme of activities to give effect to the Milford Opportunities Programme.

In doing this, the Piopiotahi Investment and Delivery Entity must work to:

- > ensure a world class visitor experience, with an appropriate mix of tourism activities and amenities
- > protect, restore and enhance conservation values and the natural environment
- > support greater iwi participation and presence, and
- > support competition and certainty for tourism operators.

### To do this, it will perform the following functions

- > **Periodically review the vision for Piopiotahi Milford Sound.** The vision should set out the shared outcomes and objectives sought for the area. It should be developed jointly with relevant partners including Ngāi Tahu, the DOC, ES, and SDC and seek input from the community and local stakeholders such as the Fiordland Marine Guardians and Southland Conservation Board.

- > **Develop a ten-year Piopiotahi Amenities Area and Investment plan**, and review this plan every three years, which should:

- identify the priorities planned for Piopiotahi Milford Sound to give effect to the vision
- spatially plan the area, identifying the commercial activities and visitor experiences that occur within each part, and the environmental and conservation outcomes that should be sought or protected
- recommend a process for allocating concession opportunities, including conditions that should be applied
- identify access controls or limits that should be in place
- include an investment and implementation plan which sets out a programme of works over the course of the plan's life
- recommend scope, quantum, and purpose of any access charge, and
- identify priorities for environmental investment.

- > **Consult and engage with affected stakeholders and the public** in the development of this plan.

- > **Consult and engage with and provide advice to the range of agencies** with responsibilities relating to Piopiotahi Milford Sound, to achieve an integrated, holistic, and co-ordinated approach to the implementation of the vision and the plan.<sup>5</sup>

- > **Collect the access charge** on behalf of the identified Special Purpose Vehicle (SPV), and communicate on how it is used.

- > **Implement access controls** including through parking bylaws.

- > **Monitor operator performance and visitor trends.**

- > **Monitor and address biodiversity, ecological impact, and tranquillity** including ecological assessments of specific

<sup>5</sup> This includes providing non-binding recommendations to Ministers of Conservation, Tourism and Transport, Department of Conservation, Waka Kotahi, MBIE, Southland District Council and Environment Southland. The Entity may advise on the exercise of responsibilities, functions and powers under relevant legislation including the National Parks Act 1980, Conservation Act 1987, Resource Management Act 1991, Local Government Act 2002, Government Roadway Powers Act 1989, and Land Transport Management Act 2003.



projects, and the ongoing impact of cruise ship access and aerodrome activities.

- > **Allocate funding for conservation and environmental initiatives**, in line with the priorities and settings set out in the Piopiotahi Special Amenities Area and Investment Plan.
- > **Coordinate and procure the physical works required**, and provide advice to DOC on the

appropriate concession terms and conditions.

- > **Own, operate, and maintain** core public-good infrastructure that is not privately owned.

## The Piopiotahi Investment and Delivery Entity will need a range of powers

Table 4: Powers of the Piopiotahi Investment and Delivery Entity

Regulatory	
Piopiotahi Special Amenities Area and Investment plan development and oversight	Develop, review and recommend the 10-year Piopiotahi Special Amenities Area and Investment Plan to be confirmed by Ministers, in accordance with process defined in legislation, and to be reviewed every three years. This may require supporting powers, such as powers to conduct hearings on the Piopiotahi Special Amenities Area and Investment Plan and recommend changes to the Plan out of the review cycle if necessary. While DOC retains responsibility for monitoring and compliance with the Plan, the Piopiotahi Investment and Delivery Entity has a role advising DOC on its use of these powers.
Hold delegations for levy administration	Hold delegation powers from the SPV to collect, monitor, enforce and spend the access charge (in the form of a levy) on its behalf. This is likely to require a range of specific powers including issuing infringement notices and requesting proof of payment.
Oversight, non-binding recommendations and ability to hold delegations of concessions and resource consents	Advisory powers to support and advise DOC on the administration of the concessions regime in Piopiotahi Milford Sound. Powers of granting, oversight and enforcement of authorisations remains with DOC. Potential for some powers to be delegated to the Piopiotahi Investment and Delivery Entity where appropriate. At a minimum this is likely to include powers to hold, share and request confidential information relating to the regulation of concessions from both DOC and concessionaires (e.g. any reporting from concessionaires).  This includes supporting operationalisation of the approach to managed access, including through setting scheduling with powers and role specified in concession conditions or bylaws.
Delegations	Where appropriate hold and exercise delegations of other existing functions and powers under local government, resource management, roading, conservation and national parks legislation, including carparking enforcement.
Development and operation powers	
Obtain planning approvals for development and reorganisation	Seek and obtain necessary approvals from relevant authorities for purpose of achieving the key objectives for the area, including concessions, resource consents and plan changes. This is likely to include obtaining requiring authority status to obtain a designation.
Development and operation powers	Own, operate, deliver, develop and procure infrastructure other activities and services using funds from the SPV.
Powers of the SPV	
Funding and financing	Powers necessary for the administration of the access charge levy. This includes: <ul style="list-style-type: none"> <li>&gt; Collecting, monitoring and enforcing the levy, and the ability to delegate this to the Piopiotahi Investment and Delivery Entity. Specific powers may include issuing infringement notices and requesting proof of levy payment for monitoring and enforcement.</li> </ul>



- > Financing powers, including to raise debt, provide security of revenues, receive crown funding, and provide funds to the Piopiotahi Investment and Delivery Entity.

## The Piopiotahi Investment and Delivery Entity will be Crown owned, and should likely be a company.

The new Piopiotahi Investment and Delivery Entity has a mix of public policy (strategy and planning, levy making and collection), and commercial functions (investment planning and delivery).

Given the core role relating to overall stewardship of the proposed Piopiotahi Special Amenities Area, including the shared statutory vision, and the development of a replacement national park management plan, and the proposed functions relating to setting and collecting an access charge levy on international visitors, we do not consider that it would be appropriate for the Piopiotahi

Investment and Delivery Entity to be a non-Crown entity.

There are a range of options for institutional form to meet the needs of a new management entity:

- > Crown Entity
- > Crown Entity Company
- > Section 4(a) Company,<sup>6</sup> or
- > Statutory Authority.

To identify the preferred approach, we have assessed against the following criteria. We have also considered the guidance from the Public Services Commission and Treasury on mixing commercial and public policy functions:

- > alignment with purpose and functions
- > clear accountability
- > adaptability and flexibility, and
- > ability to partner or receive funding.

Table 5: Assessment of entity form

Criteria	Crown Entity	Crown Entity company	S4A Company	Statutory Authority
<b>Purpose and functions</b>	Crown Entities provide a degree of distance from political decision making with objectives, functions and powers described at a broad level in statute. Crown entities can provide regulatory functions (usually defined in statute).	Crown Entity companies are established to further specific objectives when the Crown is likely the sole shareholder, and where they may undertake commercial activities.	Public Finance Act 1989 Schedule 4A companies are useful when objectives may be mixed, and may also require joint ownership (such as Joint Venture arrangements or philanthropic activities). Shareholding can also change over time (dilution can occur).	A Statutory Authority is not usually a company, but they have boards. Their core functions are prescribed in legislation.
<b>Accountability</b>	Strongest direct accountability to Ministers with level of independence set in statute.	Weaker accountability to Ministers with authority exercised primarily through ownership arrangements and through the company constitution and any restrictions placed on major transactions.	Similar accountability model though accountability can be made complex if shareholding is joint.	Strongest accountability links to functions established by Parliament.

<sup>6</sup> Companies listed under Schedule 4(a) of the Public Finance Act 1989



Criteria	Crown Entity	Crown Entity Company	S4A Company	Statutory Authority
<b>Adaptability and flexibility</b>	Flexibility is sufficient to conduct most of the anticipated activities.	Highly flexible structure with controls tied to ownership mechanisms. Would likely require clear default arrangements specified.	The same flexibility and adaptability as a Crown Entity Company, though these need to be arrived at through joint shareholding arrangements. Would likely require clear default arrangements specified.	Level of adaptability and flexibility prescribed in statute.
<b>Source of funding and ability to partner</b>	Able to receive and distribute levy revenue, less attractive to receive philanthropic funding.	Able to receive and distribute levy revenue, able to be attractive to receive philanthropic funding.	Able to receive and distribute levy revenue, able to be attractive to receive philanthropic funding (including to be a charity).	Unlikely to easily benefit from philanthropic funding direct through could be in subsidiaries or if permitted by statute.

Overall, the final institutional arrangements for the Piopiotahi Investment and Delivery Entity will be determined by the broader context of the conservation management system and the appetite for legislative change. The most robust safeguards for the objectives, functions and powers of the Piopiotahi Investment and Delivery Entity would be if it were a statutory entity within the context of a broader reform of the conservation system. However, should broader reform not be contemplated then the Crown Entity Company mode operating, under amendment to the Conservation Act, provides sufficient commercial flexibility balanced with safeguards under the Crown Entities Act. A Crown Entity Company approach also:

- > provides greater certainty on the ability to partner and receive third party funding
- > has greater flexibility in the governing regime to mix both public policy and commercial outcomes, through a mix of enabling legislation and a highly prescriptive company constitution, and
- > recognises the highly commercial focus which will be required to successfully deliver the investment programme over time, balanced against the need to consider the conservation, environmental, and tourism impacts.

This approach assumes that the core regulatory function continues to be operated by DOC.

## It will need a strong competency-led Board and dedicated personnel to drive outcomes

To deliver on its purpose, the Piopiotahi Investment and Delivery Entity will need a range of core functions and personnel.

### Dedicated and appropriately scoped governance

A new governance board will be required. This Board will have core roles set in statute relating to shared vision and recommendation of the Piopiotahi Special Amenities Area and

Investment Plan, and proposing the access charge levy. It will also be responsible for governing the activities of the Piopiotahi Investment and Delivery Entity.

The current Conservation Board approach is unlikely to be well suited to the complexity and range of functions that are proposed. Feedback from engagement has emphasised the importance of finding and recognising the right level of capability, and appropriately balancing representative interests with strong governance able to make complex trade-offs.

“

**Membership of a new board would need careful consideration, particularly the process of appointing members... need to attract the right calibre of people”**

– System stakeholder

Recognising the range of interests and primary objective to support a shared vision, the Board composition should be competency based, with a strong emphasis on commercial capability to drive the investment programme, along with clear competencies recognising the wider range of issues and trade-offs that the Board will be responsible for.<sup>7</sup>

The proposed competency mix should include a core understanding of:

- > **commercial**, including partnership and deal-making and ability to hold management accountable for delivery
- > **delivery expertise**, including risk management and assurance
- > **conservation and environment**, issues, priorities, and needs, and how to balance trade offs
- > **tourism and recreation** issues and implications (a focus on systems and issues, distinct from pure concessionaires)
- > **resource management and planning**, including consenting and planning processes
- > **cultural and Ngāi Tahu** context and connection to the area, and
- > **central and local government** understanding of central and local government contexts, roles, and processes, including ability to work with Ministers, elected officials, and agencies.

To balance potential conflicts, Board members should not be representatives (i.e. drawn from the local community or local operators). However, the Board will need clear processes

for engaging and consulting with the core affected parties, including operators, community, and local entities such as the Fiordland Marine Guardians or Southland Conservation Board.

Recognising the range of interested agencies, and the core role in developing a shared vision, the Board could also co-opt membership from key agencies to ensure joined up advice and support informed trade-offs.

#### **THE STATUS OF THIS BOARD UNDER THE CABINET FEES FRAMEWORK**

The Cabinet Fees Framework provides guidance on the appropriate fees for Crown bodies. The Framework provides for the classification of bodies into one of a set of defined groups. The Piopiotahi Investment and Delivery Entity Board would fit within Group 3a: General Governance Groups (being boards that are primarily responsible for the governance of a Crown body or organisation typically established by or under an Act that sets out its statutory purpose or objectives and principal functions.).

For this group, fees are determined using a points system, by assessing both the size of the entity (using budget as a proxy), and complexity of the role.

It is anticipated that the Board will be responsible for an annual budget in the order of \$10m-\$50m (6 points).

For complexity, given the Board’s multiple functions, we have assessed against its primary functions being:

- > Devolved Purchaser of goods (\$100m-\$1b) (3 points)
- > Funding Disbursement (\$100m-\$1b) (3 points)
- > Advisory to the Crown, local or single sector impact (1 point)

<sup>7</sup> The provisions relating to membership of Conservation Boards as required by the Ngāi Tahu Settlement Act should also apply to membership of the Piopiotahi Investment and Delivery Entity. This would require at least two members of the new Board to be appointed on recommendation of Te Rūnanga o Ngāi Tahu

<sup>8</sup> CO (22) 2 - Revised Fees Framework for members appointed to bodies in which the Crown has an interest, [CO \(22\) 2 - Revised Fees Framework for members appointed to bodies in which the Crown has an interest | Department of the Prime Minister and Cabinet \(DPMC\)](#)



Given the expected complexity of the roles, we have added these functions together in line with

PSC guidance to give a total score of 13, or Level 3. Indicative fees are set out below.

**Table 6: Assessment of Board fees**

Total Score	Level	Fee range - Chair	Fee range - Members
11-14	3	\$31,042 - \$53,730	\$15,521 - \$26,829

### Size and composition of the Piopiotahi Investment and Delivery Entity

To give effect to its statutory functions, we anticipate the Piopiotahi Investment and Delivery Entity would be organised around three main roles:

- > **Strategy and Planning**, to support the Piopiotahi Special Amenities Area and policy related roles, including operation of the Piopiotahi Protection and Restoration Fund, and working with partner agencies and stakeholders.

- > **Visitor Experience**, to strengthen the on-the-ground presence. This will include a greater number of rangers to act as hosts to visitors, providing information and support, as well as monitoring compliance with the access charge and any access or parking controls (with a heavy seasonal focus). It is expected that these will take an education-first approach, but hold the ability to impose penalties where necessary.

- > **Delivery**, to coordinate and drive the package of works, through contract management and assurance.

**Table 7: Entity functions and resourcing**

Area	Activities	Est FTE
<b>Strategy and Planning</b>	<ul style="list-style-type: none"> <li>&gt; Develops strategy and statutory plan, investment plan</li> <li>&gt; Works with DOC, ES, SD on how to 'give effect'</li> <li>&gt; Pricing and levy making</li> <li>&gt; Funding priorities and allocation</li> <li>&gt; Relationship management, including with Ngāi Tahu</li> <li>&gt; Risk monitoring and coordination</li> <li>&gt; Reporting to Board and Ministers</li> </ul>	9.5
<b>Visitor Experience and Operations</b>	<ul style="list-style-type: none"> <li>&gt; Primary interface with operators and visitors</li> <li>&gt; Levy collection, education, enforcement, and access enforcement – with an 'education first' approach to levy compliance</li> <li>&gt; Scoped to enable presence at key nodes: Te Anau (2), Eglington/Knobs Flat (2), Divide &amp; Marian (2), Village at peak times (4)</li> </ul>	<p>12 (including 14 seasonal rangers, and four permanent)</p> <p>In peak periods, this would result in 18 rangers. We have assumed ten will work each day.<sup>9</sup></p>
<b>Commercial and delivery</b>	<ul style="list-style-type: none"> <li>&gt; Packaging and coordination of physical works</li> <li>&gt; Contract and project management and assurance</li> <li>&gt; Relationship with SPV</li> <li>&gt; Organises shared services with DOC</li> <li>&gt; Procurement and legal, and ability to access specialist external advice to support investment activities</li> </ul>	7

<sup>9</sup> Assuming 10 rangers working each day, with two days off per week, requires a pool of 14 rangers. We have opted for a higher number to provide a buffer to mitigate against sickness and other absences, and an ability to scale up presence in key nodes if necessary.

The Piopiotahi Investment and Delivery Entity would also have access to dedicated operational budgets to support its activities, including funding to support:

- > community and mana whenua engagement
- > access charge collection systems
- > expert technical, engineering and seismic advice, and
- > specialised legal and procurement services.

We considered whether the Piopiotahi Investment and Delivery Entity would require

dedicated legal personnel. Due to the complex and specialist nature of many of the legal issues, and in particular the complex consenting processes anticipated, we have provided for dedicated funding to support external and specialised legal advice on matters as required. We expect that this funding will be able to be accessed by the Commercial Manager.

In addition, a significant contingency has been provided for to support consenting activities, as set out in the Financial Case.



Figure 4: Entity organisational structure



To ensure cost efficiency, we have assumed that the Piopiotahi Investment and Delivery Entity will enter into a shared services agreement with DOC.

Central and local government agencies will continue to play a key role to support the area and ensure overall success.

Under this model, we have carefully considered the appropriate roles and responsibilities for partner agencies, who continue to play a key role in the management of the area.

Table 8: Roles across the system

Role	Responsibility
<b>Ministers</b>	<ul style="list-style-type: none"> <li>&gt; Appoint the Board</li> <li>&gt; Set expectations on level of aspiration and change</li> <li>&gt; Approves shared vision</li> <li>&gt; Approves the Piopiotahi Special Amenities Area and Investment Plan, and recommends the International Visitor Access Charge (IVAC) to Cabinet and the Governor General.</li> </ul>
<b>DOC</b>	<ul style="list-style-type: none"> <li>&gt; Provides advice to Ministers on Piopiotahi Special Amenities Area and Investment Plan</li> <li>&gt; Provides advice to Ministers on appropriateness of access charge and recommends whether to support to Governor General</li> <li>&gt; Monitors performance of Piopiotahi Investment and Delivery Entity and SPV and ensures that operating within legislative bounds</li> <li>&gt; Grants and monitors concessions in line with concessions approach set out in Piopiotahi Special Amenities Area and Investment Plan</li> <li>&gt; Monitors and enforces compliance with the Piopiotahi Special Amenities Area and Investment Plan as it would a typical NPMP, including issues identified and escalate by the Piopiotahi Investment and Delivery Entity</li> <li>&gt; Investigates and enforces concessions conditions where issues are escalated by the Piopiotahi Investment and Delivery Entity</li> <li>&gt; Participate in the development of the shared vision</li> <li>&gt; Undertake all other typical functions in the area, or delegate these to the Piopiotahi Investment and Delivery Entity as appropriate.</li> </ul>
<b>MBIE</b>	<ul style="list-style-type: none"> <li>&gt; Participate in the development of the shared vision</li> <li>&gt; Provides advice to Ministers on appropriateness of access charge and recommends whether to support to Governor General.</li> </ul>
<b>Environment Southland</b>	<ul style="list-style-type: none"> <li>&gt; Participate in the development of the shared vision</li> <li>&gt; Continues current functions under the RMA, including planning and resource consenting, but within the Piopiotahi Special Amenities Area the vision must give effect to shared vision</li> </ul>
<b>Southland District Council</b>	<ul style="list-style-type: none"> <li>&gt; Receive non-binding advice from the Piopiotahi Investment and Delivery Entity on how it delivers its functions in the area, including through granting consents, developing plans, monitoring and enforcement</li> <li>&gt; If it considers appropriate, delegate some of its functions and responsibilities to the Piopiotahi Investment and Delivery Entity, such as monitoring and enforcement</li> <li>&gt; Undertake all other typical functions in the area.</li> </ul>
<b>Fiordland Marine Guardians</b>	<ul style="list-style-type: none"> <li>&gt; Where activities and objectives align, conduct joint activities with the Piopiotahi Investment and Delivery Entity, such as environmental monitoring and advice</li> <li>&gt; Consulted on development of shared vision, and in the development of the Piopiotahi Amenities Area and Investment Plan.</li> </ul>
<b>Southland Conservation Board</b>	<ul style="list-style-type: none"> <li>&gt; Consulted on the development of the shared vision, and in the development of the Piopiotahi Amenities Area and Investment Plan</li> </ul>



Role	Responsibility
Conservation Authority	<ul style="list-style-type: none"> <li>&gt; Function in approving and amending the park management plan may be removed</li> <li>&gt; Remaining functions remain with the Authority continuing to play a critical advisory role for the Minister on the Plan.</li> </ul>
New Zealand Transport Agency/Waka Kotahi	<ul style="list-style-type: none"> <li>&gt; Continues current functions with respect to the Milford Road State Highway</li> <li>&gt; Receive advice from the Piopiotahi Investment and Delivery Entity on how it delivers its relevant functions, including use of bylaws in the area to manage parking</li> <li>&gt; If it considers appropriate, delegate some of its functions and responsibilities to the Piopiotahi Investment and Delivery Entity, including monitoring and enforcement of roading bylaws (e.g. to address illegal parking on the Milford Road).</li> </ul>
Milford Road Alliance	<ul style="list-style-type: none"> <li>&gt; Continues current functions with respect to the Milford Road State Highway</li> <li>&gt; Have regard to the Piopiotahi Special Amenities Area and Investment Plan, and have a working relationship with Piopiotahi Investment and Delivery Entity to identify and agree priority issues.</li> </ul>
Destination Milford Sound	<ul style="list-style-type: none"> <li>&gt; Consulted on the development of the shared vision, and in the development of the Piopiotahi Special Amenities Area and Investment Plan</li> </ul>
Piopiotahi Community Trust	<ul style="list-style-type: none"> <li>&gt; Consulted on the development of the shared vision, and in the development of the Piopiotahi Special Amenities Area and Investment Plan</li> </ul>
Great South	<ul style="list-style-type: none"> <li>&gt; Consulted on the development of the shared vision and in the development of the Piopiotahi Special Amenities Area and Investment Plan</li> </ul>

## IMPROVING REGULATORY COORDINATION

A core principle in the design of these arrangements is the appropriate separation of interests. The Board has been careful to balance a new and shared strategic approach, with maintaining regulatory coherence and integrity of the wider regulatory regimes operating in the area.

As such, while the new Piopiotahi Investment and Delivery Entity has a core role in supporting the development of a shared vision and objectives with agencies, and setting the Piopiotahi Special Amenities Area and Investment Plan and the access charge, agencies remain responsible for their regulatory decision making.

However, within this, there is an opportunity for regulatory agencies to work with the Piopiotahi Investment and Delivery Entity to explore ways to improve regulatory coordination and provide greater certainty to operators.

MBIE provides guidance on how to approach regulation within systems,<sup>10</sup> and notes the importance of regulators not just operating within their individual regimes, but considering how their regulatory roles work within a wider system, and providing mechanisms to coordinate across organisations to:

- > provide a systems perspective in decision making.
- > address issues raised by vertical accountabilities (avoiding a focus on individual agency priorities, develop shared strategic priorities, and enabling collaboration and alignment to support outcomes).

There are a range of ways to approach this, and MBIE notes that it is emerging practice. While the Board considered stronger mechanisms, such as transfers of relevant regulatory powers to the Piopiotahi Investment and Delivery Entity, this was not preferred due to the potential impact on overall regulatory coherence and integrity.

<sup>10</sup> MBIE: What regulatory system governance is and why it's important: Principles and Guidance. [What regulatory system governance is and why it's important principles and guidance \(mbie.govt.nz\)](https://www.mbie.govt.nz/important-principles-and-guidance/)



However, the Board considers that there are significant opportunities to improve how regulatory agencies coordinate, particularly relating to the granting of concessions and consents, to support the outcomes sought for Piopiotahi Milford Sound.

Opportunities include exploring:

- > aligned timeframes for permissions, to give greater clarity and certainty to operators (for example, both consents and concessions expiring at the same time)
- > aligned processes for identifying and allocating new permissions, which could include parallel process to minimise delay, or integrated processes through the use of shared commissioners and delegated decision makers, and

- > delegated or shared monitoring and enforcement activities, recognising
  - the Ministerial Advisory Board recommends that agencies actively work with the new Piopiotahi Investment and Delivery Entity to explore opportunities to better coordinate decision making processes for permissions and authorisation, particularly through the identification of new opportunities to be allocated through the implementation of the Piopiotahi Special Amenities Area and Investment Plan.

## Making better use of concessions

Private operators will play an essential role in delivering on the goals of the Milford Opportunities Project. Within the Fiordland National Park, all private operators require a concession, in the form of permits, licenses, easements, or leases. Concessions are the key tool to enabling private enterprise within the Fiordland National Park, and setting the expectations and oversight required to ensure a world class experience.

As set out in the Economic Case, the current concessions system in Piopiotahi Milford is not supporting a world class visitor experience, conservation outcomes, or adequately reflecting Crown responsibilities to mana whenua. Successful delivery will require a more strategic and coordinated approach to concessions in Piopiotahi Milford Sound, including

- > **a step change in how commercial opportunities are identified, planned for and allocated.** This involves using best practice procurement methods to ensure activities are aligned to outcomes through allocation criteria, using fair and competitive allocation processes.
- > **providing greater certainty on the standards and expectations for operators** to ensure commercial activities are aligned to the experience and outcomes intended, including defined expectations on how the Ngāi Tahu narrative is incorporated and presented.
- > **taking a more deliberate monitoring, oversight and performance management** of commercial activities to ensure expectations are met, including monitoring of visitor experiences and trends.

Concessions allocation and management will remain a core role of DOC, however the approach taken will be driven by what is set out in the Piopiotahi Special Amenities Area and associated Investment Plan, which will specify outcomes, permissible activities, and recommended approach to concession allocation and management. The Piopiotahi Investment and Delivery Entity will also play a core role in maintaining a relationship with operators, and receiving and analysing reporting from operators on performance. The Piopiotahi Investment and Delivery Entity will work with DOC on any performance or regulatory concerns.

Appendix 6.3 sets out an indicative concession condition framework for Piopiotahi Milford Sound, showing how a strategic approach to concessions will come together, and providing an indication of the types of conditions that are likely to be included in concession agreements.



## Ngāi Tahu role and aspirations

<p><b>What role do Ngāi Tahu play in the new arrangements?</b></p>	<p>Ngāi Tahu play a core role at all levels in the ongoing management of the place, including:</p> <ul style="list-style-type: none"> <li>&gt; Representation at the Board, to ensure participation in strategy and planning processes</li> <li>&gt; Ongoing application of section 4 of the Conservation Act to the new Special Amenities Area, which requires that DOC give effect to the principles of the Treaty of Waitangi</li> <li>&gt; Greater expression of Ngāi Tahu stories and colourways throughout the park, to be implemented by the Piopiotahi Investment and Delivery Entity and through concession terms and conditions in partnership with Ngāi Tahu, and</li> <li>&gt; Ownership of the Ngāi Tahu narrative and its interpretation, including             <ul style="list-style-type: none"> <li>— financial support to develop and support implementation of an appropriate narrative including monitoring how it is used</li> <li>— funding to support training Piopiotahi Investment and Delivery Entity staff and operators in how to interpret and communicate the narrative</li> <li>— clear concession conditions on operators on expectations to attend training and how to interpret the narrative and consequences for non-adherence.</li> </ul> </li> </ul>
<p><b>Ngāi Tahu also have commercial aspirations</b></p>	<p>Ngāi Tahu also have commercial aspirations for Piopiotahi Milford Sound, and were party to <i>Ngāi Tahu Tamaki Tribunal Trust v Minister of Conservation</i> [2018] NZSC 12. The judgement clarifies that DOC is required in some circumstances to consider the possibility of according a degree of preference to iwi through concession allocations as well as the potential associated economic benefit of doing so.</p> <p>The decision also confirms that section 4 of the Conservation Act 1987 (to give effect to the principles of the Treaty) does not create a power of veto for an iwi or hapū over the granting of concessions, nor any exclusive right to concessions in their rohe.</p> <p>Ngāi Tahu have indicated that they would likely seek to solidify a right of preference for mana whenua and further enable their economic aspirations. The way these rights and interests are attended to has the potential to be precedent setting in terms of future approaches both with Ngāi Tahu and across other Treaty relationships.</p> <p>Under the governance and management model proposed, ultimate decisions on concession allocation will remain with DOC, informed by the identified opportunities in the Piopiotahi Special Amenities Area and Investment Plan. DOC's decision making will be informed by its obligations under both section 4 of the Conservation Act, and the implications of the Ngāi Tahu decision; while maintaining appropriate separation of the decisions from the new entity.</p>

## Institutional arrangements to provide for self-funding

The institutional arrangements have been carefully designed to support the requirements for self-funding. We have modelled much of this on the Infrastructure Funding and Financing approach stewarded by the Ministry of Housing and Urban Development, and Crown Infrastructure Partners, as set out in the Financial Case.

Under this model, the interaction between the levy, the SPV, and lenders is carefully controlled through a combination of legislative requirements and contractual arrangements. The legislation provides both the authority for

the levy, and clear ring fencing to ensure it can only be spent on certain authorised activities.

This model includes a number of key institutional roles and responsibilities, which we have tailored for the wider institutional arrangements to support the Project, including:

- > the process for recommending and approving the IVAC
- **the Piopiotahi Investment and Delivery Entity would have a statutory role to propose** an access charge in the form of a levy to the Ministers of Conservation and Tourism, including key design features including its quantum, purpose, liabilities, as part of the development of the Piopiotahi Special Amenities Area and Investment Plan. This plan should set out

both **specific investments** to achieve the Option 4 and the **proposed process and quantum for allocating funding through the Piopiotahi Protection and Restoration Fund**.

- DOC and Ministry of Business, Innovation, and Employment would **provide advice to the Ministers** on the appropriateness of the proposed IVAC, and **recommend** whether to support it.
- the Responsible Ministers, through Cabinet, will recommend the IVAC Levy to the Governor General, who will implement a levy through a **Levy Order through Order in Council**, which would
  - Authorise collection of levy (including who pays)
  - Define eligible infrastructure and costs
  - Define funding mechanism for 'giving back' including any restrictions on use (e.g. eligible costs, geographic boundaries)
  - Confirm SPV role and powers
- > collecting the access charge and raising finance
  - an SPV will be established with powers to **implement a levy, raise income, and disburse funding**. An SPV can be a company, limited partnership, Crown entity, or other person provided its governing documents (e.g., constitution, partnership agreement) state that it is established and operates for the sole purpose of acting as a responsible SPV under the Act. An SPV is entitled to receive revenue from the levy and may apply that revenue to eligible costs in relation to eligible infrastructure
  - the Piopiotahi Investment and Delivery Entity will **collect** and **enforce** the levy from international visitors, on behalf of the SPV, and provide the proceeds of collection back to the SPV.
  - the SPV will work through an intermediary (likely CIP) to **facilitate a financing agreement** with lenders, including negotiating a security arrangement (discussed in the Financial Case). Given

the niche expertise that is required, it would be appropriate to align with existing processes and capabilities held through CIP, rather than to attempt to recreate for these purposes. This would be subject to a lending agreement between investors and the SPV, which would have certain financial covenants.

- > Disbursing funding
  - the **SPV will provide funding to the Piopiotahi Investment and Delivery Entity**, which will support it to undertake its functions in line with the agreed Investment Plan, including construction, operating, maintaining infrastructure, delivery of key identified functions, and allocation of funding through the Piopiotahi Protection and Restoration Fund.
- > Monitoring and reporting
  - **DOC and MBIE will monitor the activities of the Piopiotahi Investment and Delivery Entity and the financial reporting of the SPV** to ensure public accountability and that the levy is being collected and disbursed in line with its enabling legislation. This would include powers to inquire and intervene in an SPV's operators, provide direction, appoint a crown manager where there are significant problems, and conduct enforcement against the SPV.

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**It is likely that, under the proposed model, the Piopiotahi Investment and Delivery Entity could also perform the functions anticipated for the SPV. This will need to be further explored and confirmed through the implementation and detailed policy phase, including implications for the role of the facilitator, and provision of sufficient safeguards to attract private financing.**

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Further work during the implementation phase will be required to finalise this approach and to consider the appropriate mix of contractual and legislative requirements to enable the arrangements.



## 6.4 Implementation Pathway

### Legislative change will be required

Successful implementation of the preferred option will require a step change in how high-pressure tourism is managed within a national park, which both strengthens existing tools and provides for new tools, powers, and ways of doing things to take a more active and responsive approach to managing the area. These proposed changes would enable delivery of a world class experience in Piopiotahi Milford Sound but also present a potential approach to resolve other similar challenges in the conservation system.

The key changes are set out below. More specific assessment of the underlying policy decisions, rationale, and legislative implications are set out in Appendix 6.4.

The key features of these changes will include:

- > creating a new, more responsive, regulatory framework for the area, within the current NPA. This would include:
  - creating a new type of enhanced ‘Special Amenities Area’ area within the National Park
  - carving that defined Special Amenities Area out of the current National Park Management Plan and Conservation Management Strategy framework
  - creating a process for setting a shared vision for the Special Amenities Area and the Piopiotahi inland waters, including core values and objectives, to be defined in statute
  - a new statutory plan process to update and replace the relevant sections of the National Park Management Plan, and that can be updated in a more responsive manner
  - clearer ability to make trade-offs between conservation, environment, tourism, and community outcomes
  - clarifying how the principle of freedom of access to National Parks applies to the
- new area to ensure clarity and coherence of the regime with application of the levy for international visitors tied to the Special Amenities Area.
- > creating the legislative authority and decision-making process to implement and enforce a levy on international visitors with clear definitions on the ability to hypothecate this revenue to
  - implement the proposed set of investments, and
  - invest back into wider conservation and environment initiatives within a defined area.
- > enabling private financing through the creation of an SPV with the power to collect the levy and use the revenue as security to raise finance, including provision of appropriate safeguards to investors
- > clarifying the approach to concessions management within the area, including enabling more proactive concession allocation methods, clarifying the purpose for which terms and conditions may be applied, including to support broader policy outcomes, higher levels of performance expectation, and enhanced monitoring and reporting requirements.
- > mechanisms to better manage and control access, which could include setting and enforcing limits or schedules of concessionaires and the use of bylaws (via the Land Transport Management Act 2003 and NPA) to limit carparking and apply charges or penalties for non-compliance, with enforcement powers cross-warranted for territorial authorities for the state highway
- > expectations on involvement of mana whenua in ongoing management and governance or commercial opportunities consistent with Section 4 of the Conservation Act and the Supreme Court decision in *Ngāi Tai ki Tāmaki Tribal Trust v Minister of Conservation* [2018] NZSC 122.

- > enable an integrated approach to governance and management, including:
  - a shared vision in legislation that relevant agencies must give effect to and a statutory process by which their perspectives inform the development of that vision and associated investment strategy.
  - a dedicated entity to set and amend the new Piopiotahi Special Amenities Area and Investment Plan and manage the area, with a clear purpose and defined powers and functions to deliver on the intent of the proposed approach, including levy collection, access controls, enforcement powers, coordination, investment, delivery and physical works.
  - clarifying roles of Ministers and agencies across the new system in approving plans and policies.

While the changes identified relate to the requirements for Piopiotahi Milford Sound, the challenges and opportunities are not unique

There is potential for Ministers and agencies to consider the wider applicability of these

changes to other areas under pressure, and how the proposed strengthened amenities area approach may provide a framework for supporting these areas. For example, the legislative changes could be included under a new Part of the NPA, which sets out the criteria and process for identifying and creating a new amenities area, and the range of new powers and tools that are enabled through its application (such as a levy, new planning process, new enforcement powers).

If this approach is to be adopted more widely, the process for identifying and agreeing to these new Special Amenities Areas, and criteria for doing so, would need to be carefully defined, and provide a high threshold, so as not to provide an unintended mechanism to avoid conservation and environmental protections.

It will be important, however, to not lose momentum for Piopiotahi Milford Sound while considering the wider applicability, and Piopiotahi Milford Sound can serve as a priority test case to demonstrate the potential for new approaches.

## We anticipate implementation over 12 years, split into three horizons

The programme to implement Option 4 is significant.

As set out in the Commercial Case, a phased approach is proposed to ensure the stages are manageable, complexity and risks can be managed, reduced disruption, and increased financial control.

It is proposed that the future Piopiotahi Investment and Delivery Entity be responsible for delivering the Piopiotahi Special Amenities Area and Investment Plan which will set out the overall asset management strategy and planned investment including timings.<sup>11</sup>

To guide this, we have developed a high-level implementation plan (Figure 5) setting out the focus of activities across three main stages.

The implementation approach generally seeks to begin physical works in the corridor and Te Anau prior to works in Piopiotahi Milford Sound village.

This is intended to minimise disruption to the area, progress development of corridor accommodation (for visitors and workers) before its removal in the village and enable time to resolve any changes to the more complex concession landscape in the village.

Indicative planning assessments highlight a range of works that can be undertaken in the corridor under the current framework, recognising that more inconsistent projects should wait until the more enabling revisions are

<sup>11</sup> Recognising uncertainty over exact implementation timeframes, and the potential for unforeseen delays, the financial model has provided allowance for implementation to take an additional two years.



made to the planning framework (approaches to obtaining planning approvals are discussed further in the Commercial Case).

In parallel, there will be early opportunities to strengthen and diversify the visitor experience including through:

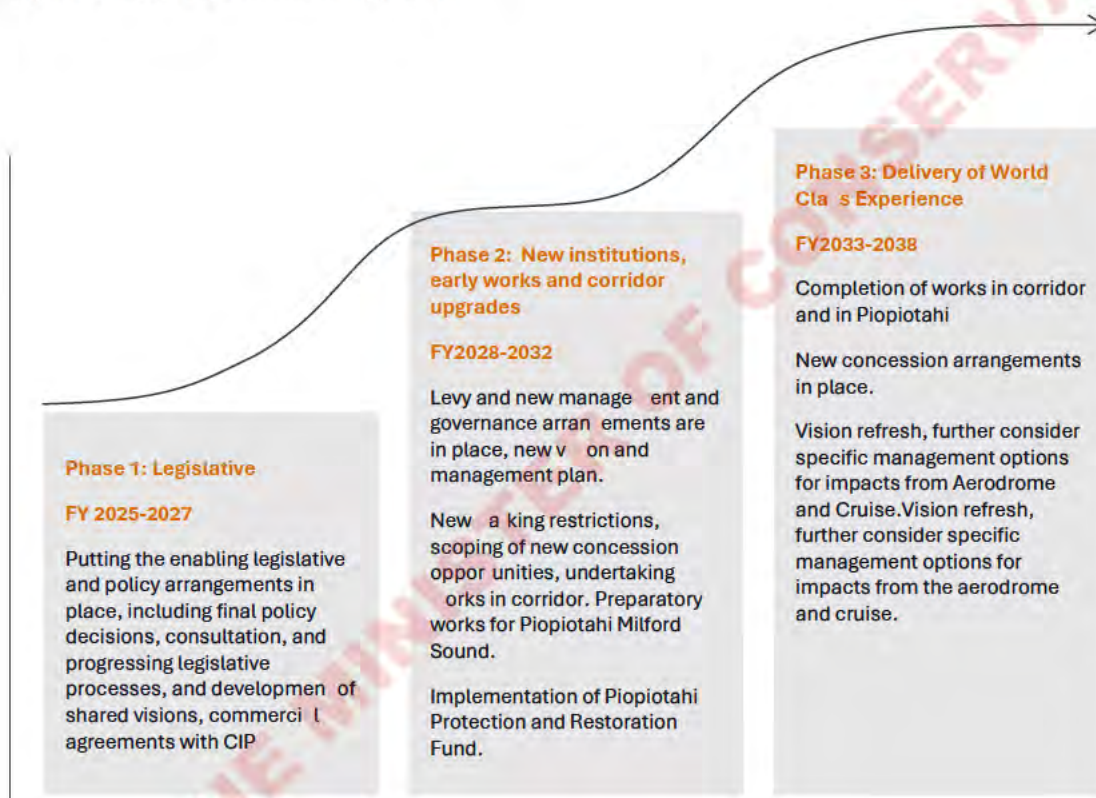
- > identifying new concessions that could be opened up early to create commercial

opportunities for both existing and new operators, including Ngāi Tahu.

- > providing for an early introduction of a stronger cultural narrative – which has been highlighted in market research as being attractive to international visitors.

A more detailed plan is included as Appendix 6.5

Figure 5. Phased implementation approach



### Phase 1: Implementing the IVAC and legislative changes (FY25-27)

The initial focus will be on finalising the enabling policy and legislative arrangements including:

- > considering the suite of proposals
- > seeking confirmed policy decisions from Ministers and Cabinet
- > undertaking public consultation to support legislative change proposals, and
- > legislative drafting, and supporting the legislative process through Parliament.

We anticipate that this phase will take approximately two years, with the first year focused on detailed policy design and consultation, and the second year supporting the legislation through Parliament.

In parallel to this, there are a number of key activities that should be continued which can be undertaken in advance of legislative change:

- > detailed design of management and governance arrangements, to be ready for establishment post-legislation
- > finalising levy design and mechanisms, including mix of powers/functions between different entities, contractual arrangements and financial arrangements with CIP, and design of the Piopiotahi Protection and Restoration Fund
- > finalising understanding of the impacts on concessionaires, providing clarity where possible, and the regulatory approach to be adopted

- > undertaking physical works to create a culturally significant park entrance, comprising of pouwhenua proposed by Ngāi Tahu
- > scoping preparatory works in the corridor
- > developing a shared vision to be included in legislation, to be supported by a transition board and agencies, and
- > commencing work on drafting a new Piopiotahi Special Amenities Area and Investment Plan to replace the relevant provisions of the National Park Management Plan.

## **Phase 2: New regime in place and corridor upgrades progressed (FY28-32)**

Phase 2 will commence with the establishment for the new management Piopiotahi Investment and Delivery Entity, and the new levy coming into force. Priorities for this phase will include:

- > confirming the new vision, and finalising the amenities area and investment plan, which will enable the new activities and physical works
- > establishing key outcomes and monitoring framework
- > implementing parking restrictions
- > undertaking physical works in the Corridor to implement new activities and new infrastructure, with an initial focus on the development of Knobs Flat
- > commencing preparatory works in Piopiotahi Milford Sound village
- > development of Te Anau hub
- > commercial discussions to support concession changes, and implementation of new concession terms and conditions including to reflect the Ngāi Tahu narrative
- > proactive allocation of new concessions, and
- > implementing the Piopiotahi Protection and Restoration Fund, including confirming priorities and quantum for first tranche of investment.

## **Phase 3: Delivery of World Class Experience (FY33-38)**

Phase 3 will see focus move from the Corridor and into the reorganisation and redevelopment of Piopiotahi Milford Sound. Key activities will include:

- > embedded benefit measurement and monitoring frameworks, including with concessionaires
- > progressing reorganisation and development of Piopiotahi Milford Sound village, including
  - realignment of the aerodrome and associated upgrades
  - the remediation and development of Little Tahiti
- > further consideration of impact of cruise and air access, and
- > review and refresh of shared vision, including whether new management approaches are required.

## **A transitional period will be required**

Phase 1 anticipates significant policy decisions and planning work as Government considers this business case and the scope of its ultimate implementation.

There will be an intervening period while new management and governance arrangements are being developed, and enabling legislation passed. It will be important to maintain momentum through this period, including progressing initial planning, constructing the park entrance, and continuing to engage with local communities and affected stakeholders.

Given the complexity of some of the proposed legislative changes, Ministers may consider the case for progressing with the implementation of a statutory levy separate from the wider system changes.

## **THERE IS A NEED FOR A DEDICATED TRANSITION PLAN**

We understand that, post-receipt of the Business Case, DOC will take ownership of supporting final policy advice to Ministers to support implementation decisions, working with partner agencies.



To support this process, DOC should consider:

- > the appropriate governance arrangements for the transition and legislative phases of work, including how to continue to maintain cross-agency participation and buy-in at senior levels. There may be benefit in considering continuation of the current Board, or a subset of the Board, to support this next phase of work in an advisory manner.
- > identifying the appropriate Senior Responsible Officer, for supporting the next phase of work.
- > continuing processes to support cross-agency working groups to bring together both central and local government agencies.
- > continuing community engagement to maintain good will and input at local and national level.
- > following initial policy and implementation decisions, putting in place a dedicated team within the department to begin scoping specific works and support the initial development of a shared vision with agencies ahead of legislative drafting.

#### THE PROPOSED INDICATIVE TIMELINE FOR THE TRANSITION PERIOD

Within Phase 1, we recommend the following detailed timeline:

- > **July 2024:** Receive Business Case
- > **October 2024:** First order policy decisions from Ministers and Cabinet, and associated public announcements
- > **November 2024:** Construction of gateway Pou Whenua and identification of early wins

- > **November 2024:** Public consultation on key policy and legislative proposals, to support legislative decisions (particularly Special Amenities Area concept and approach to levy)
- > **November 2024:** Provide regulatory certainty to operators where this can be provided (see Commercial Case for analysis)
- > **February 2025:** Final policy decisions and drafting instructions
- > **February 2025:** Seek Crown Loan (fiscally neutral) through Budget 2025 process
- > **March 2025:** Shadow entity and transition board begin developing shared vision and new Piopiotahi Special Amenities Area and Investment Plan, coping levy collection mechanisms
- > **May 2025:** Budget approval of Crown Loan (fiscally neutral)
- > **June 2025:** Legislation introduced to the house
- > **June 2025:** Identify and consent early wins and remaining technical analysis
- > **June 2026:** Legislation passed with IVAC confirmed to be in place one year later, new Board appointed, begin implementing charge collection systems
- > **June 2027:** Shared vision and, Piopiotahi Special Amenities Area and Investment Plan in place.
- > **1 July 2027:** IVAC and supporting systems in place

Image: Tonia Kraakman via Unsplash





## 6.5 Risks and assurance

### Risks and mitigations

To appropriately identify and rank the risks associated with this project, the Board ran a facilitated session on risk management. That session covered identification of key risks, assessing their impact and likelihood, mitigations to be put in place to manage those risks, and to implement a ranking system over the risks. That session was facilitated by a draft list of identified risks that officials prepared in advance.

Key themes in the major identified risks speak to:

- > the complexity and interwoven nature of the project, and highlights that decisions should not be taken in isolation of one another, without reassessment of the full effects on things like affordability and governance.
- > the compounding risks from delays, including in collecting levy revenue, attracting private

finance, or delays in construction. Piopiotahi Milford Sound and the Corridor cover isolated, challenging and highly seasonal environments. Small delays in the construction schedule could tip development past suitable works windows in a given year, requiring further delays to the next summer.

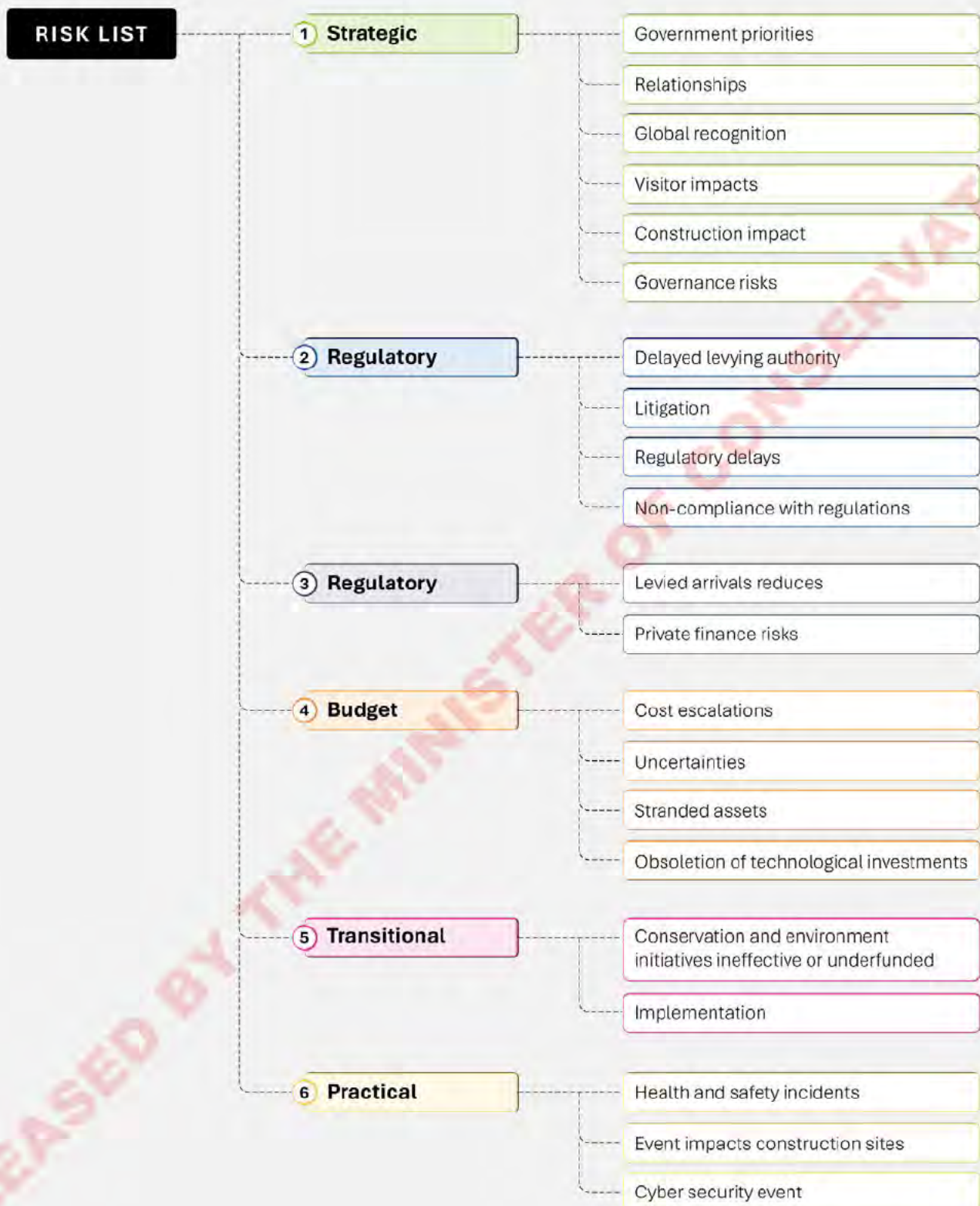
- > the risk to life of visiting or working in a mixed hazard zone. This risk is most acute with a landslide-induced tsunami striking the village in a significant seismic event.
- > government priority not supporting the timeline, ambition, or levers required to effectively implement changes.

The diagram on the next page sets out the main risk, and Appendix 6.6 provides a more detailed table of identified risks and mitigations as workshoped by the Board.

Image: Zoltan Kovacs via Unsplash1



Figure 6: High level risk overview



## Appendix 6.1: Functions and activities Longlist

Table 9: Longlist of functions and activities

<b>Strategy</b>	<ul style="list-style-type: none"> <li>&gt; Setting vision, strategy, objectives, outcomes, and reporting on progress towards these.</li> <li>&gt; Recognition of Treaty rights and interests</li> <li>&gt; Providing a framework for any trade-off in values</li> <li>&gt; Narrative for the area including and especially cultural narrative</li> <li>&gt; Setting plan, including spatial / layout, organisation of village, special purpose areas (NPMP functions)</li> <li>&gt; Consistency with wider plans and policies.</li> </ul>
<b>Regulatory</b>	<ul style="list-style-type: none"> <li>&gt; Enforcement of concession conditions</li> <li>&gt; Resource and building consents</li> <li>&gt; Enforcement of permits and access rights</li> <li>&gt; Enforcement for conservation purposes (taking of plants, littering etc.)</li> <li>&gt; Management of cruise ship access</li> <li>&gt; Regulation of air access</li> <li>&gt; Regulation of activities on the water</li> <li>&gt; Enforcement of parking bookings, timings, fees.</li> </ul>
<b>Ownership and operation</b>	<ul style="list-style-type: none"> <li>&gt; Tracks, huts, campgrounds, information centres</li> <li>&gt; Key tourism infrastructure including aerodrome/heliport, wharves, visitor terminals.</li> <li>&gt; Utilities, including power, water, and telecommunications</li> <li>&gt; Roads, parking areas, rest areas</li> <li>&gt; Hotels, restaurants/cafes, the tourism destinations.</li> </ul>
<b>Concessions</b>	<ul style="list-style-type: none"> <li>&gt; Objectives for concessions including how vision, outcomes, performance expectations should be reflected</li> <li>&gt; Planning and allocation processes</li> <li>&gt; Consideration of how applications meet strategic objectives</li> <li>&gt; Processing applications</li> <li>&gt; Monitoring and oversight</li> <li>&gt; Enforcement and compliance.</li> </ul>
<b>Conservation and Environmental</b>	<ul style="list-style-type: none"> <li>&gt; Identification of local conservation priorities</li> <li>&gt; Biodiversity and biosecurity activities</li> <li>&gt; Recognition of mātauranga and management of taonga species and mahinga kai and other customary interests</li> <li>&gt; Funding &amp; delivery of <ul style="list-style-type: none"> <li>— Status quo/core conservation activities</li> <li>— New activities in line with regenerative tourism outcomes.</li> </ul> </li> </ul>
<b>Infrastructure delivery</b>	<ul style="list-style-type: none"> <li>&gt; Identification and coordination of infrastructure and investment needs</li> <li>&gt; Approval of new infrastructure requirements, including consenting processes</li> <li>&gt; Commissioning, contracting, and procurement of direct works and services.</li> <li>&gt; Monitoring and reporting on overall progress</li> </ul>
<b>Funding and financing</b>	<ul style="list-style-type: none"> <li>&gt; Financial management</li> <li>&gt; Levy making processes</li> <li>&gt; Collection of charges</li> </ul>



<b>Engagement</b>	<ul style="list-style-type: none"> <li>&gt; Allocation of funding</li> <li>&gt; Managing relationship between investment and revenue profile (cashflow), borrowing and debt management</li> </ul>
	<ul style="list-style-type: none"> <li>&gt; Public and community engagement</li> <li>&gt; Relationship management</li> <li>&gt; Stakeholder engagement</li> <li>&gt; Communications</li> <li>&gt; Marketing</li> </ul>
<b>Civil Defence and Natural Hazard risk management</b>	<ul style="list-style-type: none"> <li>&gt; Hazard and risk mitigation and planning</li> <li>&gt; Provision of visitor information on risks</li> <li>&gt; Hazard and risk monitoring and management including avalanche and rockfall</li> <li>&gt; Emergency response including evacuation.</li> </ul>



Image: Gulfside Mike via Unsplash





## Appendix 6.2: Governance and management longlist

Table 10: Longlist of governance and management options

Options	Summary assessment against design objectives
<b>How do we enable a long term and shared vision for Piopiotahi Milford Sound?</b>	
<b>Informal collaboration:</b> Regular operating rhythm supported by MOU to support greater collaboration, and expectations on how agreed objectives will be reflected in individual agencies.	Gradual improvements to collaboration are unlikely to drive or entrench the step change needed to provide a long-term vision or the appropriate institutional mechanisms to achieve it.
<b>Improved coordination and shared accountability:</b> Strengthened shared accountability to Ministers and Chief Executives. Choices on vehicle to implement change.	While more formal, improved collaboration alone is unlikely to drive or entrench the step change needed to provide a long term vision or the appropriate institutional mechanisms to achieve it.
<b>Independent Advisory Board:</b> Advisory Board to monitor the functioning of the system and implementation of the changes. Does not drive change, but provides system view of place.	This would support more coordination and improve responsiveness through increasing understanding of the area and its challenges, however advisory functions only are unlikely to be sufficient to drive the vision and strategic approach.
<b>Statutory Entity with select functions and powers:</b> New entity with a defined process for setting vision and how this informs other plans and policy, with other functions largely remaining per the status quo.	Establishing a statutory entity is likely to enable a long-term vision through its ongoing focus and responsibilities to deliver on this, while also enabling it to obtain institutional mechanisms to deliver, including the necessary capability, capacity and planning powers.
<b>Statutory Entity holding all to most of the current functions and powers:</b> New entity that is transferred most-to-all the current governance functions and powers for the area, including national park, conservation, resource management and roading	Establishing a statutory entity with the full range of institutional mechanisms ensures certainty of achieving the long-term vision through its ongoing focus and responsibilities to deliver on this, while also enabling it to obtain institutional mechanisms to deliver, including the necessary powers and functions.
<b>How does a shared vision inform other strategies, plans, and activities?</b>	
<b>Collaboration -</b> agency endeavour to reflect shared vision through usual processes	A voluntary commitment is likely to result in the vision being watered down or deprioritised where it conflicts with other requirements, priorities and drivers that carry greater weight.
<b>Shared non-statutory plan -</b> a shared non-statutory document that guides how DOC, LG iwi and private operators act, supported by MOUs that set out how it will be implemented	While a shared plan and MOUs provides some degree of commitment, it is likely to face similar challenges with being deprioritised due to other requirements, priorities and drivers that carry greater weight.
<b>Global concession -</b> a single concession granted to a delivery entity that directs it to provide for the vision.	This is unlikely to be an appropriate institutional mechanism for enabling a shared and coordinated vision. It would not have any influence on the activities of DOC or local government or on the national park or resource management plans. It would also not enable responsive decision making given it would fix approaches and be inflexible.
<b>New legislative requirement -</b> a new statute that sets shared principles that agencies	A legislative requirement will ensure the vision is considered in decision making and is entrenched for the long term. This could also set the interest and role of Ngāi Tahu as partners. The requirement to 'have regard' is less



Options	Summary assessment against design objectives
must have regard to (e.g. Welsh Wellbeing Principles)	strong than a new instrument and would enable some degree of de-prioritisation.
<b>Creation of a new statutory instrument</b> which acts as a general policy statement informing how both the National Park Management Plan and local government plans are developed and implemented	A legislative requirement will ensure the vision is not de-prioritised and is entrenched for the long term. This could also set the interest and role of Ngāi Tahu as partners.
<b>How can we better coordinate decision making and provide greater certainty for operators?</b>	
<b>Collaboration</b> – provide for stronger relationships and clearer processes.	Gradual improvements to collaboration are unlikely to drive or entrench the step change needed achieve the necessary coordination and responsiveness.
<b>Formalised coordination</b> , using MOUs to set out process, contact points, timelines, but provide for independent decision making and ability to opt out for significant processes.	More formalised arrangements for coordination are likely to achieve improvement. However, they are unlikely to ensure the vision and strategic approach remains on an enduring basis with potential for de-prioritisation of the focus on coordination due to other requirements, priorities and drivers that carry greater weight.
<b>Shared processes</b> - explore use of shared or joint processes such as aligned plan development and concessioning/consenting (joint hearings commissioners) and Joint Management Agreements.	As above.
<b>Integrated decision making</b> through transfers and delegations of functions and powers into a dedicated entity. Need to consider scope and extent of powers.	Centralisation into a single entity with a defined purpose is most likely to achieve the long-term vision, coordination and responsiveness with all institutional mechanisms focused on the vision.
<b>How to finance and deliver the programme of works?</b>	
<b>Delivery by DOC, no financing</b> – this would suit a smaller package of works, over a longer period of time.	Inability to access finance means the institutional mechanisms would be likely insufficient to deliver the package of works proposed under the preferred option.
<b>Delivery by DOC, with private financing</b> – this would likely suit a modest package of works but at higher pace.	While DOC has development capability, the size, length and complexity of the programme of work may be challenging given it is a step change from the status quo and may not enable the necessary oversight.
<b>Delivery by new entity, with private financing</b> – significant package of works at higher pace, benefits from stronger accountability settings and dedicated monitoring of performance by DOC.	Delivery by new entity ensures an enduring focus on the vision and enables specialist development capability and expertise required to deliver the large, lengthy and complex programme of work, with increased oversight from DOC.
<b>Who undertakes day to day management functions?</b>	
<b>DOC</b> continues to deliver current and new functions under status quo.	While DOC has the expertise in park management, the proposed new functions are likely to bring significant capacity and capability demands meaning status quo delivery may not be sufficient. Further, responsiveness and the long-term focus on vision may be challenged by competing Departmental priorities.
<b>Dedicated Unit within DOC</b> which brings together key functions needed to support a new approach, recognising that the approach in Piopiotahi Milford Sound will be different than elsewhere.	A dedicated unit may enable an enduring focus, bring increased capability and capacity and clear coordination point for decision making. However, it may still be subject to competing Departmental priorities.

Options	Summary assessment against design objectives
New management entity, with delegation or transfer of functions and assets to new entity.	This approach would provide certainty of an enduring focus, bring increased capability and capacity and clear coordination point for decision making.

RELEASED BY THE MINISTER OF CONSERVATION





## Appendix 6.3: Better Managing Concessions

The Board has recommended a shift in how permissions are managed in Piopiotahi Milford Sound. This appendix provides an overview of the proposed approach, including the outcomes sought, policy objectives, key shifts, strategic approaches, and an indicative draft of the expectations and conditions. While the outcomes and approaches are likely to be refined through implementation, this appendix

provides an indication of the proposed approach being recommended for clarity.

### Outcomes and expectations

Core outcomes for Piopiotahi Milford Sound identified through the Project as they apply to commercial activities.

<b>Conservation and national park values are protected and enhanced</b>	<p>Concessionaires protect and enhance conservation and environmental values through the conduct of their activities, meaning holders:</p> <ul style="list-style-type: none"> <li>&gt; Understand and monitor the impacts of their activities on these values</li> <li>&gt; Actively seek to reduce negative impacts of activities on the values</li> </ul> <p>Identify and act on ways they can contribute to restoring and enhancing these values</p>
<b>Experiences are world class and reflect the values for the area</b>	<p>Concessionaires meet visitor expectations and needs with high levels of quality, meaning:</p> <ul style="list-style-type: none"> <li>&gt; Deliver quality experience through visitor connection, engagement and education</li> <li>&gt; Ensure experiences are consistent with and recognise the values of the area</li> <li>&gt; Understand, monitor, and report visitor satisfaction</li> </ul> <p>Provide a safe experience through effective risk and hazard management including working in partnership with others to manage effects at place</p>
<b>Visitors and impacts are well-managed</b>	<p>Concessionaires address the negative impacts of tourism activities on the community, meaning:</p> <ul style="list-style-type: none"> <li>&gt; Understand and monitor the impacts of their activity</li> <li>&gt; Strive to mitigate and minimise the broader impacts of their activity</li> <li>&gt; Seek to achieve a positive impact of the activity where possible</li> </ul> <p>Support management interventions for the area (including managed access and levy)</p>
<b>Ngāi Tahu are recognised as mana whenua</b>	<p>Concessionaires recognise Ngāi Tahu as mana whenua, meaning:</p> <ul style="list-style-type: none"> <li>&gt; Activities avoid negative impacts on mana whenua values</li> </ul> <p>Concessionaires participate in activities, education and programmes to ensure they understand the significance of relevant cultural narratives and are able to provide a visitor experience consistent with those values in a manner consistent with the expectations of mana whenua.</p>



## Policy objectives

These have informed the development of the proposed approach:

- > Commercial activities enable the preferred option and the outcomes needed, including visitor management, experience, integration of the cultural narrative, and conservation values.
- > Concession arrangements enable private enterprise, incentivise innovation and investment, and promote competitive tension and sustainable tourism.
- > Impacts on existing rights holders are understood and managed appropriately consistent with achieving the Masterplan goals.
- > Treaty responsibilities are met, including those set out in Treaty Settlement legislation.

## Strategic shifts

The proposed approach seeks two key shifts in how permissions are managed:

- > **Shift in focus of outcomes that the framework seeks to achieve**, with an increased focus on visitor experience and management outcomes while maintaining the existing focus on conservation.
- > **Shift in how the framework is used**, using planning and permissions management to achieve these outcomes by taking a more strategic and coordinated management approaches (as opposed to an effects-based approach).

Table 11. Strategic use of management instruments

Piopiotahi Special Amenities Area and Investment Plan	
What strategic approach is required?	Statutory planning framework for the Piopiotahi Special Amenities Area sets clear direction, expectations and spatial planning to achieve outcomes.
What may this look like?	Strategic direction and spatial planning to inform administration of concessions, including allocation, conditions and management
A location of permissions	
What strategic approach is required?	Using tendering or other strategic procurement disciplines to improve the allocation of concessions.
What may this look like?	<ul style="list-style-type: none"> <li>&gt; Allocation informed by the overall vision and strategy for Piopiotahi Milford Sound articulated in statutory planning.</li> <li>&gt; Use of best practice procurement methods including procurement criteria and market based tender competition so the concession can be awarded to the operator and activity that best meets the broader objectives (rather than first-in-first-served approach).</li> <li>&gt; Application of the primary relevant Treaty principles, Active Protection and Partnership, to ensure Ngāi Tahu is given appropriate opportunity to participate in any new concession opportunities presented by the plan. These considerations will pay particular regard to the economic benefit to iwi, the active protection of mana whenua interests and the consideration and protection of identified cultural values<sup>14</sup>.</li> </ul>
Conditions in permissions	
What strategic approach is required?	Concession conditions ensure the activity supports broader outcomes through setting standards for the activity.
What may this look like?	<ul style="list-style-type: none"> <li>&gt; As with allocation, conditions would be based on an overall Piopiotahi Milford Sound vision that translates to specific concessions.</li> <li>&gt; Conditions could require, incentivise and monitor activities.</li> </ul>
Management of permissions	



<b>What strategic approach is required?</b>	Management approaches that ensure high concession standards are met to achieve MOP outcomes through oversight and performance management.
<b>What may this look like?</b>	<ul style="list-style-type: none"> <li>&gt; This includes more regular monitoring, review, self-reporting, evaluation and an ability to manage performance (including through concession cancellation in extreme circumstances).</li> <li>&gt; This includes applying strategic supplier relationship management (SSRM) approaches, identifying the most important or strategic operators, and developing a relationship and monitoring plan to achieve tourism and conservation outcomes.</li> <li>&gt; Consideration is needed to how it would fit with the current regulatory approach.</li> </ul>

These expectations will be applied on a case-by-case basis based on how critical the activity is to the objectives for the area.

**Table 12. How are the broader outcomes likely to translate into expectations on relevant concessionaires?**

Conservation and national park values are protected	
<b>What types of conditions are likely to be required to achieve these expectations?</b>	<p><b>Standards</b></p> <ul style="list-style-type: none"> <li>&gt; Standard DOC conditions relating to environmental protection and monitoring.</li> </ul> <p><b>Monitoring and reporting</b></p> <ul style="list-style-type: none"> <li>&gt; Monitoring and reporting on the direct impacts of the activity on conservation values and reporting on measures to address any negative impacts and achieve positive impacts.</li> </ul> <p><b>Performance management</b></p> <ul style="list-style-type: none"> <li>&gt; For critical activities, meeting the standards could be specified as a KPI with potential for concession annual fee reduction based on not meeting indicators, or cancellation in serious circumstances.</li> </ul>
Experiences are world class and reflect the values for the area	
<b>What types of conditions are likely to be required to achieve these expectations?</b>	<p><b>What types of conditions are likely to be required to achieve this expectation?</b></p> <p><b>Standards</b></p> <ul style="list-style-type: none"> <li>&gt; For critical activities: <ul style="list-style-type: none"> <li>— Visitor experience guidelines that address the service quality expected in the area to achieve the vision.</li> <li>— Visitor experiences and satisfaction will be maintained above a certain baseline.</li> <li>— Staff training on visitor experience and safety with potential for requiring certification, including driver safety certification.</li> </ul> </li> <li>&gt; Infrastructure and assets maintained to high standards through appropriate investment and maintenance.</li> <li>&gt; Hazard and risk management: <ul style="list-style-type: none"> <li>— Requirement to plan for and report on processes to manage risk including relating to AF8 and landfall-induced tsunami</li> <li>— Requirement to participate in risk and hazard coordination</li> <li>— Requirement to ensure risks are communicated to staff and customers, including processes should an emergency develop.</li> </ul> </li> </ul> <p><b>Monitoring and reporting</b></p> <ul style="list-style-type: none"> <li>&gt; Monitoring and reporting on visitor experiences and satisfaction, including what the operator is doing to improve this. This information is relevant to allocation of the opportunity following expiry, and assessment against KPIs.</li> </ul>



	<p><b>Performance management</b></p> <ul style="list-style-type: none"> <li>&gt; For critical activities, meeting these standards could be specified as a KPI with potential for concession annual fee reductions based on not meeting indicators, or cancelation in extreme circumstances.</li> </ul>
<p><b>Visitors and impacts are well-managed</b></p>	
<p><b>What types of conditions are likely to be required to achieve these expectations?</b></p>	<p><b>Standards</b></p> <ul style="list-style-type: none"> <li>&gt; Seeking to engage with the Te Anau and Piopiotahi Milford Sound community on impacts of the activity and take reasonable measures to address any.</li> <li>&gt; Measures that address the broader impacts of the activities, including obtaining relevant sustainability certifications and standards such as QualMark and Taiki Promise.</li> <li>&gt; Specific conditions to implement approaches for managed access and levy. <ul style="list-style-type: none"> <li>— For the levy this may include requirements to advise visitors of the levy and check or collect levy payment.</li> <li>— For managed access this may include conditions that schedule arrivals and departures to Piopiotahi Milford Sound to manage congestion issues.</li> </ul> </li> </ul> <p><b>Monitoring and reporting</b></p> <ul style="list-style-type: none"> <li>&gt; Monitoring and reporting on the direct impacts of the activity on the community, including through seeking local community feedback and engagement and reporting on measures to address any negative impacts and achieve positive impacts. This information is relevant to allocation of the opportunity following expiry, and assessment against KPIs.</li> </ul> <p><b>Performance management</b></p> <ul style="list-style-type: none"> <li>&gt; For critical activities, avoiding negative community impacts and maintaining key certifications could be specified as a KPI with potential for concession annual fee reductions based on not meeting indicators, or cancelation in extreme circumstances.</li> </ul>
<p><b>Ngāi Tahu are recognised as mana whenua</b></p>	
<p><b>What types of conditions are likely to be required to achieve these expectations?</b></p>	<p><b>Standards</b></p> <ul style="list-style-type: none"> <li>&gt; Relevant activities use appropriate incorporation and reflection of the Ngāi Tahu narrative and impacts – stories, key values, history, tikanga.</li> <li>&gt; Expectations on participation in Ngāi Tahu-led training programmes or audits to raise capability and understanding of concessionaires of the Ngāi Tahu heritage and the narrative for Piopiotahi Milford Sound.</li> <li>&gt; Expectations on the use of bilingual or Ngāi Tahu-led placenames</li> <li>&gt; Expectations on incorporation of Ngāi Tahu-led design, colours, and interpretation and participating in any approval process required to ensure cultural values are respected throughout.</li> </ul> <p><b>Monitoring and reporting</b></p> <ul style="list-style-type: none"> <li>&gt; Monitoring and reporting on whether expectations are being met for critical activities. This information is relevant to allocation of the opportunity following expiry, and assessment against KPIs.</li> </ul> <p><b>Performance management</b></p> <ul style="list-style-type: none"> <li>&gt; Active participation and engagement with mana whenua</li> <li>&gt; For critical activities, maintaining standards could be specified as a KPI with potential for concession annual fee reductions based on not meeting indicators, or cancelation in serious circumstances.</li> </ul>



## Other requirements contemplated for concessions

### MANAGED ACCESS

If access is managed via concessions, this will likely involve setting restrictions through conditions. The exact nature of the conditions will depend on the specific approach taken, however expectations could include the following:

- > Scheduling of arrivals and departures into Piopiotahi Milford Sound and potentially along the corridor, including how schedules are set and allocated.
- > Hourly limits on the number of arrivals and departures.

### LEVY COLLECTION AND ENFORCEMENT

If the levy is collected via concessionaires, all concessionaires who operate within the levy boundary could be required to

- > collect the levy on behalf of liable visitors in accordance with contractual arrangements, or
- > check that customers have paid their levy as a condition of service/carriage

As part of this collection method, the following components could be applied.

- > All concessionaires' websites include information about the levy (likely with links back to the levying authority's main website). The compliance and enforcement should so be signalled.

- > The booking systems enable visitors to self-declare their liability to pay the levy and add it as an additional charge on top of their booking. The technology should be sufficient to ensure that visitors are not pushed to pay the levy multiple times if they engage in multiple instances of concession activity.
- > Concessionaires may collect the levy on behalf of the levying authority. Any administrative fees for collecting the levy on behalf of the levying authority would be agreed as part of the contractual agreements. They will pass the levy on to the levying authority at agreed periodic timeframes minus any administration fee.
- > Concessionaires may be expected to provide regular reporting to the levying authority to provide assurance that the IVAC net revenue aligns with the recorded visitor numbers.
- > Concessionaires may be expected to check that liable visitors have paid their levy prior to engaging in the activity (e.g. boarding the coach, cruise, etc). Conditions may enable or require concessionaires to refuse visitors engaging in their activity if they have not paid their levy while liable, however, the implications of this may need to be considered given concessionaires would not have enforcement powers other than the ability to refuse to serve the visitor.
- > Concession conditions may need to provide for a mechanism for refunds of the levy.
- > If the levying authority / Government approves an increase to the levy amount, concessionaires will receive lead in time before they are required to start collecting the new amount.

## Appendix 6.4: Legislative Implications

This paper sets out the key policy recommendations from the Ministerial Advisory Board to support the implementation of the Project. It sets out the key issues,

supporting rationale, and an indication of the legislative implications and approach. These recommendations are

consistent with achieving the proposals in Option 4 as set out in the Business Case.

### Charging for access

Cabinet has previously agreed to the Masterplan proposal to charge international visitors for access to Milford [DEV-21-MIN-0135 refers], with revenue gathered intended to enable the project to be self-funding and support wider investment into conservation and community initiatives.

Visitor growth to Piopiotahi Milford Sound has been significant. Visitor numbers nearly doubled within the last decade, from 444,000 in 2012 to just under 870,000 in 2019 and annual visitation is expected to continue to rise.

Under the status quo, there is free rider problem due to market failure. Most visitors to Piopiotahi Milford Sound

approximately 80% – are international visitors. These visitors are unlikely to be contributing to New Zealand taxes and rates that fund government activities and infrastructure that they benefit from and exacerbate the need for (for example: national park biodiversity, waste management, public toilet facilities). International visitors are underpaying for the use of the good. In this case, New Zealand taxpayers and rate payers pay for the good, but they are only a small portion of the beneficiaries.

Most international visitors to New Zealand pay the \$35 International Visitor Conservation and Tourism Levy (IVL) that aims to address current challenges in the tourism and conservation system. However, visitors from Australians and most Pacific Island nations are exempt

from paying the IVL. The IVL's revenue is split 50-50 between MBIE Tourism and DOC and invested in projects across the country as opposed to specifically at-place.

In order to address this free rider issue, the Milford Opportunities Masterplan proposed charging international visitors to access Piopiotahi Milford Sound. Recent research conducted by Kantar found that 79 percent of survey participants support an access fee with a willingness to pay \$90-\$110 per person (although this is lower for Australian visitors). The charge is intended to generate revenue from international visitors to support a regenerative tourism model, where Piopiotahi Milford Sound is self-funding and international visitors can “give back” to conservation and community in the area.





Table 13: Policy recommendations - charging for access

Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
<b>Purpose of charging for access</b>			
<b>Why and how charge for access?</b>	<p>International visitors should pay a charge to visit Milford Sound.</p> <p>This charge should be in the form of a levy and applied at place – the IVAC</p>	<p>Most visitors to Piopiotahi Milford Sound – approximately 80% – are international visitors. These visitors are unlikely to be contributing to New Zealand taxes and rates that fund government activities and infrastructure that they benefit from and exacerbate the need for (for example: national park biodiversity, waste management, public toilet facilities).</p> <p>International visitors are underpaying for the use of the good (e.g. Piopiotahi Milford Sound). In this case New Zealand taxpayers and rate payers pay for the good, but they are only a small portion of the beneficiaries.</p> <p>Given the objectives and for ease of implementation, the charge would likely be a levy on international visitors (rather than a fee). Fees are charged for specific goods or services, while levies are more appropriate for collecting revenue to fund broader purposes.</p>	<p>Feasibility testing has shown that the only viable option to implement an access charge as intended is to create new, bespoke legislation, as the current legal framework does not enable a levy to be imposed in the manner proposed.</p> <p>Statutory authorisation is required to provide the authority for a levy and establish the regime for its administration.</p> <p><b>Legislation would establish the authority for charging a levy and set out the process for its implementation.</b> This is likely to include:</p> <ul style="list-style-type: none"> <li>&gt; Primary legislation that provides clear enabling authority and powers, including defining the purpose for a levy, the process for establishing and implementing a levy (including roles and responsibilities across agencies), what the levy's revenue may be used for (including eligible investments), and the necessary powers to collect and enforce compliance (via an infringement scheme), and any statutory review period for the levy's rate.</li> <li>&gt; Secondary legislation for defining the quantum of the levy, the physical boundary to pay the levy, the ability to use differential pricing features, defining liabilities, penalties for the infringement penalty and the infringement notice, and the specific approach to allocating funds.</li> <li>&gt; A process which ties the settings in the secondary legislation to the Piopiotahi Amenities Area and Investment Plan, which is to be reviewed every three years.</li> </ul>
<b>What is the purpose of the charge and how will it be 'self-funding'?</b>	<p>The purpose of the charge is to enable international visitors to Piopiotahi Milford Sound to be charged the IVAC to support a world-class visitor experience while managing visitor effects in Fiordland National Park.</p> <p>The Board recommends that the IVAC should be designed to enable a sustainable, resilient funding source (self-funding) with the ability to draw on private finance</p>	<p>The charge is intended to generate revenue from international visitors to support a regenerative tourism model, where Piopiotahi Milford Sound is self-funding, and international visitors can "give back" to conservation and community in the area.</p> <p>Cabinet agreed that MOP would be self-funding via an access charging for international visitors [DEV-21-MIN-0135 refers].</p> <p>Self-funding is defined as an investment that has a revenue stream that fully meets the costs of that investment or where the cost is met by a third party.</p>	<p>The Board considers that the structure of this legislation could be set up similar to the IFFA, although it is likely that bespoke legislation would be required in this particular instance to give effect to the IVAC and to enable borrowing.</p> <p><b>Legislation would need to specify the purpose of the IVAC, including eligible expenditure for the IVAC revenue.</b></p> <p>The purpose of the IVAC is to fund, or contribute to the funding of, investments in:</p> <ul style="list-style-type: none"> <li>&gt; Infrastructure and related facilities and services to support visitor experience</li> <li>&gt; The protection, enhancement and restoration of the natural environment (including the marine environment), and</li> </ul>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
		<p>The Infrastructure Funding and Financing Act 2020 (IFFA) provides a useful precedent example of how to structure IVAC arrangements to attract private financing and provide for 'self-funding' through the life of the project, including mitigating timing mismatches between implementation of the IVAC and when investment is needed.</p> <p>Preliminary discussions with CIP have indicated that the project is likely to be attractive to lenders given its environmental, economic and social benefits.</p>	<p>&gt; Administration costs associated with the Piopiotahi Investment and Delivery Entity and associated institutional arrangements (including the interest and financing costs)</p> <p><b>Legislation will also set out the process for setting the IVAC and determining eligible costs, or the things that the IVAC can be spent on.</b> This includes setting process defining roles and responsibilities across the system, including of the Piopiotahi Investment and Delivery Entity (to propose the IVAC and how it will be used, and collect the IVAC), and an SPV (with power to implement an IVAC, and securitise it to raise finance), with agencies to monitor its use.</p>
What safeguards are required to support financing?	<p>A number of key features are needed to support private financing, including:</p> <ul style="list-style-type: none"> <li>&gt; Ringfencing of revenue to provide certainty to lenders</li> <li>&gt; Clear boundaries on what funding can be spent on</li> <li>&gt; Mitigation of tail risks that private financing may not be willing to bear.</li> </ul>	<p>Ringfencing the IVAC revenue to the legislation's purpose will provide assurance to private investors that there is limited leakage and cannot be disbursed to meet costs other than for which it is authorised through legislation.</p> <p>CIP noted the IVAC revenue stream is expected to be securitisable, but has some characteristics that would need to be taken into account in structuring credit enhancement for any SPV established to raise finance.</p> <p>In particular, consideration would need to be given to a tailored package of contingent crown support to mitigate tail risk scenarios (e.g., AF8 seismic event or pandemic).</p> <p>The inherent volatility in the IVAC revenue stream may also result in higher pricing for private finance compared with IFF project benchmarks, however this will also be dependent on the volume and terms of borrowing and the capitalisation of the SPV.</p> <p>The IFFA also provides for monitoring powers and functions that enable the Crown monitor to intervene should the SPV act outside its mandate or illegally.</p>	<p><b>Legislation would need to provide for:</b></p> <ul style="list-style-type: none"> <li>&gt; Negotiation and agreement of a Government Support Package in the event of a tail risk scenario.</li> <li>&gt; Clear ring-fencing of IVAC revenue to enable it to be securitised for financing.</li> <li>&gt; Establishment of a SPV with power to collect the IVAC and enter into private financing arrangements with the ability to raise debt, provide security of revenues, receive crown funding, and provide funds to the Piopiotahi Investment and Delivery Entity.</li> <li>&gt; Clearly defined relationship between the SPV and the Piopiotahi Investment and Delivery Entity, including ability for a management entity to collect the IVAC and enforce compliance.</li> <li>&gt; Monitoring powers and functions held by the Crown monitoring agency with respect to the SPV.</li> </ul>
What is meant by 'giving back'?	The Board recommends that a portion of the available funding (including finance-backed) be allocated to investment into conservation and environmental initiatives through a contestable fund.	Cabinet agreed that MOP would be self-funding via access charging for international visitors, a contribution of which would fund conservation work in the wider Fiordland National Park [DEV-21-MIN-0135 refers].	As noted above, <b>legislation would specify the purpose of the levy, including eligible expenditure for the levy's revenue.</b> The 'giving back' component via the Piopiotahi Protection and Restoration Fund is likely to include investment in projects that protect, enhance and restore the natural environment (including the marine environment).



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	<p>The Board has termed this the 'Piopiotahi Protection and Restoration Fund.' It should fund projects and activities for the protection, enhancement and restoration of the natural environment and support Treaty responsibilities related to cultural narrative and an ability to exercise kaitiakitanga.</p> <p>The Board considers that community benefits will be received through general economic uplift and investment in high quality support infrastructure such as a visitor centre in Te Anau.</p> <p>Where additional investments into the community are necessary to support the world class experience, these should be specifically identified and planned for through the separate infrastructure funding stream set out in the Piopiotahi Special Amenities Area and Investment Plan, rather than the 'giving back' fund.</p>	<p>The Masterplan also recommended that international visitors are charged to access Piopiotahi Milford Sound to help fund infrastructure and operational costs, as well as local conservation initiatives.</p> <p>This also reflects feedback from the Kantar Visitor Survey which identified that international visitors had a high willingness to pay an access charge when it was tied to conservation and environmental outcomes at place.</p> <p>Creation of a fund tied to place will help ensure that funding priorities are set at place and can be considered alongside infrastructure investment priorities.</p> <p>Investment into community initiatives generally is more challenging from a fund design perspective, as first principles levy design should focus on charging those who either benefit from an asset or service or exacerbate the impacts that need to be mitigated. While this rationale holds for infrastructure within the park and wider conservation and environmental contribution, it is weaker for general community investment.</p>	
Scope of the IVAC			
Who should pay?	<p>The IVAC would target international visitors defined as non-New Zealand residents and non-New Zealand citizens. This includes Australian visitors.</p>	<p>Using residency and citizenship for the liability is likely to receive more political and public acceptance and be easier for visitors to comply as their passport can be used as evidence of an exemption. However, it may be inconsistent with legal obligations.</p> <p>International visitors do not ordinarily reside in New Zealand or are not citizens do not contribute to New Zealand taxes or rates.</p> <p>The Board recommends that there is no compelling justification to exempt Australian visitors (despite being exempt from paying the IVL and the principle of free movement for Australian citizens in New Zealand the via Trans-Tasman Travel Arrangement). This is</p>	<p>Legislation would define who should pay:</p> <ul style="list-style-type: none"> <li>&gt; <b>Primary legislation can include a wide overarching definition of liability via "international visitors"</b> (for example, "The purpose of this Act is to enable a levy to be charged to <i>international visitors</i> to Piopiotahi Milford Sound ...").</li> <li>&gt; <b>Secondary legislation can include the definition in further detail of "international visitor"</b> (using existing definitions as found in legislation if required).</li> </ul> <p>This model is a similar framework for the International Visitor Conservation and Tourism Levy's legislative authority, which includes an overarching definition in the Immigration Act 2009 with further detail of liable and exempt</p>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
		consistent with the approach taken by DOC for differential charging on the Great Walks.	travellers in the Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010.
Who should be exempt?	<p>The IVAC should exempt:</p> <ul style="list-style-type: none"> <li>&gt; Domestic visitors, including New Zealand citizens and people ordinarily resident in New Zealand</li> <li>&gt; New Zealand citizens who live overseas but are not ordinarily resident in New Zealand</li> <li>&gt; Ngāi Tahu whānui who ordinarily live overseas</li> <li>&gt; Concessionaires and their staff (non-New Zealand residents or citizens) operating in Piopiotahi Milford Sound</li> <li>&gt; Other people (Non-New Zealand residents or citizens) living or working in Piopiotahi Milford Sound</li> <li>&gt; Non-New Zealand residents or citizens who complete scenic flights that do not land at the Piopiotahi Milford Sound aerodrome.</li> </ul>	<p>There is no compelling justification to charge domestic visitors as they already contribute to Piopiotahi Milford Sound through taxes and/or rates. In addition, New Zealanders should not be charged to visit, regardless of where they live.</p> <p>Ngāi Tahu whānui who live overseas should not be charged to visit as mana whenua of Piopiotahi Milford Sound. This recognises their customary rights of access and aligns with the Stewart Island Rakiura Visitor Levy.</p>	<p>As noted above, the primary legislation can have a wide overarching definition of liability to pay the IVAC.</p> <p>The secondary legislation can include a list of those who are exempt from the levy with definitions, if required.</p>
Where is the boundary to pay the IVAC?	<p>While exact wording can be confirmed in drafting, the Board has identified a general principle that all international visitors entering the new amenities area and surface waters within Piopiotahi Milford Sound would be required to pay the IVAC.</p> <p>All non-New Zealand residents or citizens who arrive at the boundary by car, bus/ coach walking, aerodrome, or cruise should be charged the IVAC.</p> <p>All liable cruise passengers should pay the IVAC, regardless of if they disembark the vessel in Piopiotahi Milford Sound.</p>	<p>As a first principle's approach, all liable visitors pay the levy regardless of how they arrive in Piopiotahi Milford Sound. This recognises that these visitors will benefit from the infrastructure, conservation, and 'giving back' initiatives.</p> <p>This principle includes liable walkers who walk the Routeburn or Hollyford Tracks, regardless of if they go to the Village or back to Te Anau. Both tracks are in the IVAC investment boundary. It would also include walkers on the Milford Track.</p> <p>Non-New Zealand residents or citizens who complete scenic flights or flyovers should not be charged as this would be administratively complex.</p>	<p>Secondary legislation would define the boundary required to pay the levy within key geographical points within Fiordland National Park and the marine environment.</p>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
Will the charge include differential rates?	<p>The Board recommends that non-New Zealand resident or citizen children 14 years old or younger should pay a reduced IVAC. No other discounted rates will be explored at this time.</p> <p>The IVAC could include a 7-day expiry date.</p> <p>The IVAC enabling legislation should be flexible enough to enable differential pricing (including seasonal pricing or different intraday prices, or longer passes) in the future if recommended by the management Piopiotahi Investment and Delivery Entity.</p>	<p>Providing reduced pricing for children is consistent with other charging frameworks. It also recognises that young people are generally unable to directly contribute to costs and avoids unintended consequences of deterring families from visiting. This aligns with DOC's Great Walks differential pricing.</p> <p>A week-long expiry date would allow visitors to be charged once but enter the boundary more than once over multiple dates. This is a common charging method and may encourage visitors to stay longer in the Corridor (or surrounding areas). Intra-day pricing is at odds with the multi-day visits policy.</p> <p>Differential pricing can be used to incentivise visitation patterns and is consistent with other charging frameworks. However, the extent to which it may shape visitor demand remains unknown.</p>	<p>Legislation would provide for and enable differential pricing. Any differential rates would likely then be set in secondary legislation.</p>
How will the IVAC be collected?	<p>The IVAC should be able to be collected by an online booking system and via concessionaires.</p>	<p>Collection via multiple methods would enable good capture of all liable visitors while minimising transaction costs and burdens. It should also provide flexibility for it to adapt to the commercial arrangements over time.</p> <p>This would include requiring concessionaires operating in Piopiotahi Milford Sound and the Corridor to check and collect the IVAC for the visitors they are serving as well as a requirement to refuse service to visitors who have not paid (e.g. bus concessionaires would check payment along with checking the bus ticket). This may also provide for an administration fee paid to concessionaires for each payment processed to recognise administrative costs borne by concessionaires.</p>	<p>Legislation would enable broad collection methods, including through a requirement on concessionaires:</p> <ul style="list-style-type: none"> <li>Options for establishing this requirement include: <ul style="list-style-type: none"> <li>setting it in concession conditions, as a new condition as new concessions are granted, or through renegotiation</li> <li>providing a power to make new bylaws or other secondary legislation that introduces the requirement as a new condition to live concessions. This may be necessary should key concessions be granted for long terms, thereby preventing any new condition being introduced until the concession expires. This power could be held by the Minister of Conservation as an addition to the suite of bylaws currently available under the NPA or be included as part of the legislation to enable the IVAC.</li> </ul> </li> </ul>
Allocation and investment			
How will the IVAC revenue be ringfenced?	<p>The IVAC revenue should be ringfenced through legislation so it can only be used to support a world-class visitor experience while</p>	<p>The legislative design should ensure that the purpose and definitions of how the IVAC revenue can be allocated (to Fiordland National Park) and spent at-place (via the defined boundary with Piopiotahi</p>	<p>Legislation would set key parameters governing the use of IVAC revenue to ensure it is ring-fenced.</p> <p>Primary legislation would have:</p>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	<p>managing visitor effects in Fiordland National Park and the Fiordland Marine Area.</p> <p>As noted above, the purpose of the IVAC is to fund, or contribute to the funding of, investments in:</p> <ul style="list-style-type: none"> <li>&gt; Infrastructure and related facilities and services to support visitor experience,</li> <li>&gt; The protection, enhancement and restoration of the natural environment (including the marine environment), and</li> <li>&gt; Administration costs associated with the Piopiotahi Investment and Delivery Entity and associated institutional arrangements (including the interest and financing costs).</li> </ul> <p>The Board recommends that the IVAC does not fund destination marketing or promotion, but the Piopiotahi Investment and Delivery Entity can support coordinated marketing and communication to support understanding of the access arrangements and consistent narrative throughout.</p>	<p>Milford Sound). This should provide assurance to investors and international visitors who pay the IVAC that it is being spent as it was designed, which is important for the social licence of the IVAC.</p> <p>Operators, Great South (Regional Tourism Organisation) and Tourism New Zealand should retain the primary role of marketing and promotion of Piopiotahi Milford Sound, and the activities within it and would not be directly funded by the IVAC.</p>	<ul style="list-style-type: none"> <li>&gt; A broad, enabling purpose to ensure the revenue is spent at-place – Fiordland National Park and the Fiordland Marine area.</li> <li>&gt; More specific parameters for 'eligible investments' to ensure the revenue is reinvested as intended and the nature of costs that can be recovered is clear.</li> </ul> <p>Eligible expenditure will include:</p> <ul style="list-style-type: none"> <li>&gt; Projects that: <ul style="list-style-type: none"> <li>— Deliver new or upgraded infrastructure and visitor facilities and services in Fiordland National Park (including between Te Anau and Piopiotahi Milford Sound)</li> <li>— Protect, enhance and restore the natural environment within the Fiordland National Park, and the Fiordland Marine Area.</li> <li>— Have been identified as areas that are of significance to mana whenua and/or are included in relevant Treaty settlement legislation</li> </ul> </li> <li>&gt; Activities that: <ul style="list-style-type: none"> <li>— Contribute to the effective maintenance, operation and management of visitor infrastructure</li> <li>— Contribute to the effective associated strategy, planning and management of the area</li> </ul> </li> <li>&gt; Meet Treaty of Waitangi responsibilities as set out in the Conservation Act and relevant Treaty settlement legislation</li> </ul>
How will investment decisions be prioritised?	<p>The Piopiotahi Investment and Delivery Entity would draft an overarching long-term investment plan (for example, with a ten-year focus and three-year review cycle) to guide all investments made with the IVAC revenue as a component of the Piopiotahi Special Amenities Area and Investment Plan. It would identify key investment priorities (both for infrastructure and visitor related projects and natural environment projects).</p> <p>The Piopiotahi Special Amenities Area and Investment Plan would set out</p> <ul style="list-style-type: none"> <li>&gt; specific detail on how infrastructure spend will be allocated</li> </ul>	<p>The Investment Plan and process to allocate funding will ensure investments are allocated in line with the specific environmental and conservation priorities identified at place in an integrated manner.</p> <p>It would also enable the Piopiotahi Investment and Delivery Entity to progress projects at-place using a long-term strategic horizon.</p> <p>Key stakeholders at-place may include the Fiordland Marine Guardians, Southland Conservation Board, Fiordland Community Trust/Board, ES, Great South, Recreation Groups (e.g. NZ Alpine Club, Federated Mountain Clubs, Deerstalkers).</p>	<p>Primary legislation would define the process for recommending and approving the levy. It would:</p> <ul style="list-style-type: none"> <li>&gt; Require the Entity to develop a ten year investment plan as part of the Piopiotahi Special Amenities Area and Investment Plan that is reviewed every 3 years</li> <li>&gt; Provide for the Ministers to approve the Piopiotahi Special Amenities Area and Investment Plan if it is consistent with requirements, or return the Plan back to the Piopiotahi Investment and Delivery Entity for changes.</li> <li>&gt; Require all levy spending to be in accordance with the Plan (including potential allocations to different eligible investments over the Plan's timeframe).</li> </ul>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	<p>&gt; the funding approach for the Piopiotahi Protection and Restoration Fund including quantum, priorities, and process for allocation.</p> <p>The Board of the entity would recommend the Piopiotahi Special Amenities Area and Investment Plan to the Ministers of Conservation and Tourism, who would approve the Plan and its priorities on advice from their officials. It could also enable greater involvement from Ngāi Tahu and DOC in setting priorities and assessing through participation on the Piopiotahi Investment and Delivery Entity board. The priorities would also be consulted with key stakeholders at-place.</p>		
Who will approve funding decisions?	<p>Financial delegations are provided to approve all investments in line with the investment plan depending on the project's value. Likely decision-making powers could include Minister of Conservation and Tourism, the Piopiotahi Investment and Delivery Entity's Board, and any sub-committees.</p> <p><i>(Note: consideration would need to be given to the Treasury's financial delegation guidelines)</i></p>	Implementing financial delegations are a common method to support efficiency with investment processes for public money. For example, it is likely that the Piopiotahi Investment and Delivery Entity will be able to approve funding applications for smaller amounts of money faster than when Ministerial sign-off is required).	Secondary legislation may need to clarify these powers.
How will the funding be allocated for the Piopiotahi Protection and Restoration Fund?	<p>A contestable fund, which the Board has given a working name of the Piopiotahi Protection and Restoration Fund, could be established that offers grants, seed funding or other forms of funding available to a wide group of applicants. A wide eligibility would enable a broad range of applicants to access funding.</p> <p>The fund could have clear criteria to guide decision-making and ensure that projects meet the investment plan's priorities. Flexibility could be provided to support</p>	<p>Contestable funds can deliver value for money (by funding projects that provide the greatest benefits) through a transparent, fair process.</p> <p>Offering more flexible co-funding arrangements for some applicants (e.g. community groups) may incentivise certain types of projects (for example, where there is a public good) that may not otherwise be funded. Furthermore, in some limited circumstances co-funding may be available to projects led by concessionaires where it is clear that such programmes would otherwise not be economic.</p>	N/A



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	community groups or concessionaires via have lower co-funding requirements.		
Where is the boundary to invest in 'giving back' to conservation and the environment?	<p>While exact wording can be confirmed in drafting, the IVAC revenue should be invested in:</p> <ul style="list-style-type: none"> <li>&gt; Corridor and Village</li> <li>&gt; Fiordland National Park</li> <li>&gt; Fiordland Marine Area.</li> </ul>	The boundary to invest the IVAC should be larger than the area where visitors are liable to pay to ensure that the benefits of the revenue are spread more widely across the Southland region, while still ensuring a link to the place. The Board notes that this is unlikely to duplicate DOC or Environment Southland's existing roles within Piopiotahi Milford Sound.	Secondary legislation would define the boundary where to invest the IVAC.
How does the charge interact with existing fees and charges?	<p>The IVAC does not overlap sufficiently with the International Visitor Conservation and Tourism Levy (IVL) or Environment Southland Marine Fee.</p> <p>The levy may interact with MSTL's existing Milford Sound Passenger Levy and should be considered in further detail as part of any new concession approach.</p>	<p>The IVL is invested in tourism and conservation projects across New Zealand, as opposed to at-place. Australian visitors are also exempt from the IVL but represent one of Milford Sound's biggest markets. There is also a time lag between when the IVL is paid and when visitors arrive.</p> <p>The Marine Fee and IVAC have two distinct functions and limited overlap. The liability to the charges also sits with different groups. There is also precedent to continue to charge both, as cruise passengers pay the Stewart Island Rakiura Visitor Levy and Marine Fee. A portion of MSTL's Passenger Levy goes to DOC as part of the concession conditions, which MSTL currently charges to visitors. The interaction between the new levy and this charge can be considered in future work.</p>	N/
<b>Compliance, monitoring, and enforcement</b>			
What behaviour is being prohibited?	<p>International visitors who do not pay the IVAC should be liable to pay an infringement when:</p> <ul style="list-style-type: none"> <li>&gt; They knowingly evade payment of the IVAC or falsely claim that they are not a visitor, and</li> <li>&gt; They are inside the physical boundary where payment is required and</li> </ul>	Compliance and enforcement are key tools to ensure all liable visitors pay the IVAC. There are several tools that can be used to regulate behaviour, including education initiatives, self-regulation and infringement notices. Enforcement methods should be proportionate to the nature of the conduct and the non-compliance it is intending to address.	An infringement fee must be either specified or be clearly authorised by the legislation. Some components of the offences regime can be included in secondary legislation if required, but the primary legislation must contain an appropriate empowering provision. <sup>12</sup> The standard practice is to establish key provisions of any particular infringement scheme in the subject-specific statute. <sup>13</sup> The new offence must also use the existing system set out in

<sup>12</sup> Legislation Design and Advisory Committee (2021) *Legislation Guidelines: 2021 Edition, Chapter 25: Creating infringement offences*. <https://ldac.org.nz/guidelines/legislation-guidelines-2021-edition/compliance-and-enforcement-2/chapter-25/>

<sup>13</sup> Ministry of Justice (no date), *Policy Framework for New Infringement Schemes*, <https://www.justice.govt.nz/assets/infringement-governance-guidelines.pdf>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	<p>&gt; They are using the facilities, or benefiting from the conservation values, or engaging in concessioned activities (including transport and tourism experiences).</p>	<p>Enforcement is particularly important for the commercial aspects of the IVAC design, as it will provide confidence to investors that the levy's revenue stream will provide sufficient funding and will be requirement for levy-backed borrowing. While the revenue will be impacted by volume (visitor numbers), investors will have assurance that compliance will not perpetuate leakiness. Similar language is currently used for the enforcement of the Stewart Island Rakiura Visitor Levy.</p>	<p>Section 21 of the Summary Proceedings Act 1957 to ensure consistency with the infringement regime and reduce legal complexities.</p> <p><b>Legislation would establish a compliance, monitoring and enforcement regime to ensure collection of the levy.</b> Legislation would:</p> <ul style="list-style-type: none"> <li>&gt; Provide powers necessary for the compliance, monitoring and enforcement of the levy, including powers to seek evidence of payment, promote immediate payment, and issue an infringement if necessary.</li> <li>&gt; Provide for infringement offences and penalties for nonpayment of the levy</li> <li>&gt; Provide requirements for collection via concessionaires as discussed above.</li> <li>&gt; Provide these powers to the SPV but enable the SPV to delegate these to the Piopiotahi Investment and Delivery Entity and its contracted or employed rangers, and local government.</li> <li>&gt; Technical detail would likely be provided in secondary legislation including penalty fee.</li> </ul>
How would it be enforced? How much would the fee be?	<p>The Piopiotahi Investment and Delivery Entity's empowering legislation could include the authority to set and collect the IVAC. As part of this, it could include an infringement offence regime to support the education-first compliance campaign.</p>	<p>The penalty's rate could be enough to deter non-compliance but limit instances of legal challenges. The appropriate fine level would be determined through the implementation phase and through legislative drafting in consultation with the Ministry of Justice.</p> <p>In general, every offence which is subject to an infringement notice should not normally exceed a fee of \$1,000. The Act could include a provision for the infringement fee's range. For example, the Stewart Island Rakiura Visitor Levy's penalty is set as a range \$150-\$500 in the Act and confirmed as a penalty of \$250 in the Regulations.<sup>15</sup> Other examples include a fine for \$100 for not having a valid pass in Grand Canyon and Yellowstone National Parks and \$25 for Banff and Jasper National Parks.</p> <p>The Ministry of Justice states that higher infringement fees can be used to deter offending where a significant economic benefit can result for the offender – for example, a concessionaire withholding the levy's revenue collected on behalf of visitors.</p>	
Who would enforce it?	<p>The Board recommends a mixed enforcement approach combining:</p>	<p>Enforcement is important for the commercial aspects of the IVAC design, as it will provide confidence to investors that the IVAC revenue stream will provide</p>	

14 Southland District Council (Stewart Island Rakiura Visitor Levy) Empowering Act 2012, Section 14(1).

15 Southland District Council (Stewart Island Rakiura Visitor Levy – Infringement Fee and Form) Regulations 2014, Section 4.

Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	<ul style="list-style-type: none"> <li>&gt; A requirement on concessionaires to check that customers have paid the levy as part of their conditions to operate</li> <li>&gt; Rangers employed or contracted by the Piopiotahi Investment and Delivery Entity could monitor compliance, taking an education first approach to enforcement.</li> <li>&gt; Rangers would be given enforcement powers to seek evidence of payment, promote immediate payment, and issue an infringement if necessary.</li> </ul> <p>The Piopiotahi Investment and Delivery Entity would likely need to enter into an agreement with Environment Southland on the best approach for collection and enforcement for the levy on the water, which is outside of the National Park.</p>	<p>sufficient funding and will be requirement for levy-backed borrowing. While the revenue will be impacted by volume (visitor numbers), investors will have assurance that compliance will not perpetuate leakiness.</p>	



## Managed access

The Masterplan recommended managing access to the Milford Road corridor using a permit and public transport system. This was recommended to address the significant congestion at the Homer Tunnel and at Milford Sound / Piopiotahi that compromises the visitor experience. This congestion occurs during peak season with visitors 'racing' to the boat cruises that depart between 1 and 2 pm. Under this proposal, all visitors would be required to have a permit to access the road. International visitors would be required to use a park and ride bus service, with New Zealanders retaining the ability to self-drive [DEV-21-MIN-0135]. It would constitute an effective ban on private vehicles accessing the road without a permit (and a ban on any access at all by overseas visitors in private vehicles). The Masterplan's managed access model included the following components:

- > All international visitors, except those staying in accommodation along the Milford corridor, would be required to use a bus or coach service to access Piopiotahi Milford Sound

- > An entrance barrier would mark the entrance to the managed access boundary
- > Approximately 60 percent fewer carparks that must be pre-booked and pre-paid (available for New Zealanders)
- > Pre-approved special permits would be available for mana whenua and recreationalists that require private vehicles, as a one-off or annual permit, and pre-qualified commercial users, operators and service staff
- > Limits of 1,000 visitors per rolling hour within the park and ride facility.

### The Board has agreed that the Masterplan option is not feasible for numerous reasons.

- > The public has an overriding right to use public roads freely, and the proposal to restrict road access to a state highway represents a significant deviation from this approach with potential for conflicts with common law Bill of Rights 1990, Human Rights Act 1993, transport legislation and principles of free access to national parks. It may also have given rise to precedent

concerns and was opposed through stakeholder engagement particularly a model that restricted access for New Zealanders.

- > Implementing a single hop-on-hop-off bus service would displace current providers and would not be as responsive to the different international visitor segments as a park-and-ride approach that enables multiple operators to privately provide a range of services.
- > The rationale for restricting access is unlikely to meet the thresholds for controlling access to a state highway and Milford Road cannot be converted to a toll road within the current legislative parameters.
- > Milford Road is exposed to significant natural hazards and supported by an internationally recognised avalanche management programme through the Milford Road Alliance. The Alliance ensures safe and efficient management of activities on Stage Highway 94 between Te Anau and Milford Sound and manages significant traffic flow at the Homer Tunnel during peak season. The operational cost of the Milford Road is approximately \$10 million a year, excluding major capital improvements or emergency works.

Table 14: Policy recommendations - managing access

Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
How should access to Piopiotahi Milford Sound be managed?	The Board recommends utilising enhanced management of carparking to achieve the objectives for managing access. This would involve:	Approximately 1 million people visit Piopiotahi Milford Sound each year via the Milford Road (SH94). Around 50% come by bus, 45% by car, and 5% by campervan. The high concentration of visitors in the middle of the day creates problems with overcrowding, noise, and loss of the untouched wilderness values that are core to the visitor experience. The "cul-de-sac"	This would be implemented by concessions relating to the operation of carparks.  It could be supported with use of bylaws to restrict carparking under section 56 of the NPA in national parks and on state highways by NZ Transport Agency Waka Kotahi



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	<ul style="list-style-type: none"> <li>&gt; The number and availability of carparks in Piopiotahi Milford Sound would be restricted to manage congestion peaks.</li> <li>&gt; Carparks must be pre-booked to provide certainty to visitors that they will have an available carpark on arrival and to avoid illegal overflow parking where available carparks are full.</li> <li>&gt; Given there is no other parking available, visitors who do not have a pre-booked carpark would need to use concessioned transport (for example, buses or coaches) to travel to and from Piopiotahi Milford Sound.</li> <li>&gt; Carparking restrictions may also be applied to carparks through the Corridor over time, should congestion issues need to be managed.</li> <li>&gt; Restrictions on carparking could be introduced either through requirements in concessions for carparks if privately owned and operated or imposed by the Piopiotahi Investment and Delivery Entity as a condition of entry if it owns and operates the carpark.</li> <li>&gt; Restrictions and compliance with conditions would be monitored and be supported through communications and nudge marketing.</li> </ul>	<p>nature of SH94 and the lack of accommodation in Piopiotahi Milford Sound mean that almost all visitors enter and exit Piopiotahi on the same day.</p> <p>The visitor pattern causes significant congestion at the Homer Tunnel in the late morning/early afternoon period when the two flows meet. It also creates congestion in Piopiotahi Milford Sound itself when visitors arrive and leave between 11 am to 3 pm, with the average number of vehicles at Piopiotahi peaking at around 450 at 1 pm during the high season between November and March. Surveys have demonstrated that with the current level of infrastructure and services in Piopiotahi Milford Sound, visitors start reporting nuisance from crowding in surveys when tourist numbers reach 3,000 per day (measured as boat cruise tickets sold). Other studies have suggested that that number is closer to 4,000 per day. Visitor numbers typically reach between 3,000 and 4,000 per day on average between the busiest months of November and April, meaning current visitor levels are already at a critical limit beyond which the experience would start to degrade. There is a risk that as tourism continues to increase without sustainable management, the associated crowding effects, loss of amenity, and degradation of wilderness and conservation values would erode the visitor experience over time.</p> <p>Managing access via carparking is a low impact approach to manage how people access Piopiotahi Milford Sound. It should manage congestion and incentivise visitors to avoid self-driving and encourage mode shift to other transport methods, while minimising impacts on rights and access.</p>	<p>under section 61 of the Government Roadways Powers Act 1989 or local authorities under section 22AB the Land Transport Act 1998.</p>
What other tools may be used?	<p>The Board recommends continuing to explore the ability to use concession conditions to better smooth intra-day visitor demands through scheduling tools.</p> <p>This could include setting requirements in concessions for all transport operators and carparking operators to operate in line with agreed arrival and departure schedules. It would require a process for both setting schedules and allocating those amongst operators.</p>	<p>As the primary mechanism for managing commercial activity in the national park, concessions provide an ability to address these challenges through managing access related activities. This would place the onus on commercial activities to mitigate impacts on rights while leveraging the existing concessions regime.</p>	<p>This could be achieved without legislation with the introduction of scheduling conditions through granting of concessions or through renegotiation of conditions in existing concessions. There is benefit to considering a legislative change to provide certainty that the proposed approaches to managing access can be achieved.</p> <p><b>Legislation would:</b></p> <ul style="list-style-type: none"> <li>&gt; Make clarifications to how Part 3B of the Conservation Act applies to the Special Amenities Area as discussed in the section on concessions.</li> </ul>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
			<ul style="list-style-type: none"> <li>&gt; Make clarifications to bylaw making powers in section 56 of the NPA and how these may be applied in the Special Amenities Area. These clarifications would explicitly enable laws to be made for the purposes of managing access and reducing congestion, including through setting scheduling requirements. The amendment would also provide for these scheduling requirements to be introduced as a condition of concession to live concessions.</li> <li>&gt; Enable delegations by the NZ Transport Agency or local authorities or contracting of wardens to the Piopiotahi Investment and Delivery Entity and employed or contracted rangers to enable monitoring and enforcement of compliance with parking bylaws under national parks or roading legislation.</li> </ul> <p>Any changes may be picked up through wider clarifications to the concessions regime.</p>
Should there be an explicit limit on the total number of visitors?	The Board does not recommend the implementation of a pre-booked permit system or daily visitor cap which applies directly to individual visitors (rather than commercial concessioned operators) and also affects New Zealanders. However, limits on carparking and scheduling of bus arrivals may have the impact of limiting overall visitor numbers.	Implementing a permit system to the area is likely to be a significant change which would have wide-ranging impacts on the ability of New Zealanders, and in particular the local community, to access the area. The Board held particular concerns about the impacts on local people attempting to access the Hollyford Valley, for example.	N/A
How should access controls be enforced?	<p>The Board recommends further work between DOC, NZTA and the Piopiotahi Investment and Delivery Entity during the implementation phase to ensure that parking restrictions and enforcement along State Highway 94 and in the Fiordland National Park operate effectively.</p> <p>The following components will be needed to ensure that this system functions effectively:</p> <ul style="list-style-type: none"> <li>&gt; Parking penalties for non-compliance (setting them at an appropriate level to deter unwanted behaviour) and exploring the potential delegation of enforcement activities</li> </ul>	Enforcement would be required to ensure that visitors who do not have prebooked carparks do not continue to travel to Piopiotahi Milford Sound and park at the managed access boundary or attempt to get to the carpark regardless. We understand that parking restrictions can be enforced under existing legislation.	<p>The eventual Piopiotahi Investment and Delivery Entity may also need to hold delegations for monitoring and enforcing any bylaws made by the Minister of Conservation under section 56 of the NPA as well as bylaws made by NZTA under section 61 of the Government Rounding Powers Act 1989. These bylaw making powers would remain with the relevant Ministers and agencies per the status quo. This may include exploring the ability to set bespoke parking fines, should softer arrangements prove insufficient.</p> <p><b>Legislation would ensure the Piopiotahi Investment and Delivery Entity can hold delegations for monitoring and enforcing compliance with these bylaws.</b> Legislation may</p>

Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	<p>functions to the Piopiotahi Investment and Delivery Entity.<sup>16</sup></p> <ul style="list-style-type: none"> <li>&gt; Good communication, education and marketing to ensure visitors know that there is limited carparking that must be pre-booked while they plan their trip to Piopiotahi Milford Sound. Concession conditions could require operators to provide this information to visitors via booking processes.</li> <li>&gt; Technology for visitors to pre-book the limited carparks each day and to allow only visitors with pre-booked carparks to enter the parking facility each day.</li> <li>&gt; Parking enforcement methods to prevent visitors from parking elsewhere in the Milford Sound Village, noting that non-compliance of parking is already an issue in Piopiotahi Milford Sound and other key tourism destinations (for example, Aoraki).</li> <li>&gt; To support this, we believe there is a reasonable case to justify high penalties to deter non-compliance, given the negative impacts that non-compliant parking would have on the overall visitor experience and individuals' safety.</li> </ul>		<p>also be required to introduce higher penalties for non-compliance with parking restrictions on the State Highway and within the national park.</p>

<sup>16</sup> NZTA does not have enforcement officers, but where agreed with NZTA, local council parking wardens can be delegated authority to enforce parking restrictions along state highways.



## Concession, leases, licences, and other permissions

Concessions are a key tool to authorise critical activities and enable private enterprise in Piopiotahi, including tourism activities and infrastructure.

A concession is an authorisation from the Minister of Conservation to undertake an activity on public conservation land and water. These can take a variety of forms, including:

- > permits to undertake an activity (for example, guiding or landing)
- > easements to provide a right of way (for example, underground pipes)
- > licenses to undertake an activity with a nonexclusive interest in the land, (for example, day walks, and boat activities)

- > leases to provide exclusive possession of the land and allowing an activity to be undertaken, (for example, infrastructure and accommodation).

There are also a small number of legacy permissions granted under the National Parks Act 1980 (NPA).

There are approximately 209 concessions held for the area and 141 concessionaires. The key activities authorised by concessions are:

- > Tourism activities including boat cruises, guided tours, accommodation, bus transport and aircraft take-off/landings.
- > Privately owned and operated infrastructure and services, including wharves, power generation, water provision, carparking, visitor centres, toilets, fuelling, staff accommodation and some amenities.

- > Miscellaneous activities which includes further wharves, storage sheds, a lobster factory, and a weather station.

The current concessions system in Piopiotahi Milford Sound is not supporting a world-class visitor experience, conservation outcomes, or reflecting Crown responsibilities to mana whenua:

- > The concession system and arrangements have not responded to increasing visitor demands
- > The area is currently not well organised for the spectacular experience it offers.
- > Most infrastructure within the village is aged and in poor condition
- > Stakeholders have expressed frustration and dissatisfaction with the system
- > Limited opportunities for the Ngāi Tahu cultural narrative or economic aspirations to be realised.

Table 15: Policy recommendations - concessions

Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
<b>What broad objectives and approach is necessary for the concessions regime in Piopiotahi Milford Sound?</b>	<p>Take a strategic and coordinated approach to concessions in Piopiotahi Milford Sound to ensure the system is both well-functioning and aligned with key objectives:</p> <ul style="list-style-type: none"> <li>&gt; Commercial activities enable the preferred option and the outcomes needed, including visitor management, experience, integration of the cultural narrative, and conservation values.</li> </ul>	<p>The current concessions system in Piopiotahi Milford Sound is not supporting a world class visitor experience, conservation outcomes, or reflecting Crown responsibilities to mana whenua. An enhanced focus on the objectives of the regime and a shift in approach is needed to address this.</p> <p>The current Ministerial discretion to administer concessions is framed in the Part 3B of the Conservation Act. This discretion is framed broadly, however there is some uncertainty as to whether concessions could be administered for the</p>	<p><b>Legislation would provide that:</b></p> <ul style="list-style-type: none"> <li>&gt; Within the Special Amenities Area, concessions can be administered for the purposes of giving effect to the vision for the area, as articulated in the Plan.</li> <li>&gt; The granting of concessions should ensure they are consistent with the Vision, strategy and Plan.</li> <li>&gt; To achieve this purpose, the Minister may administer concessions in the manner outlined in Appendix 6.3 to the Management Case: <ul style="list-style-type: none"> <li>— Take proactive allocation approaches</li> </ul> </li> </ul>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	<ul style="list-style-type: none"> <li>&gt; Concession arrangements enable private enterprise, incentivise innovation and investment, and promote competitive tension and sustainable tourism.</li> <li>&gt; Impacts on existing rights holders are understood and managed appropriately consistent with achieving the masterplan goals.</li> <li>&gt; Treaty responsibilities are met, including those set out in Treaty Settlement legislation.</li> </ul>	<p>proposed purposes, and whether the proposed approaches could be taken including to allocation, setting conditions and ongoing management.</p> <p>Legislative clarification would provide this certainty, reducing risk of legal challenge or overly conservative approaches taken to avoid this risk.</p>	<ul style="list-style-type: none"> <li>— Set any conditions and standards that achieve the purpose, including conditions that enable monitoring, oversight and performance management. This includes setting conditions relating to levy collection.</li> <li>— Administer concessions for the purposes of managing access to the area including by setting schedules and imposing limits on arrival and departures into the national park</li> </ul> <p>&gt; As discussed above, legislation may also need to clarify bylaw making powers in section 56 of the NPA and how these may be applied in the Special Amenities Area to enable managed access via concessions. These clarifications would explicitly enable bylaws to be made for the purposes of managing access and reducing congestion, including through setting scheduling requirements. The amendment would also provide for these requirements to be introduced to active concessions.</p> <p>&gt; Enable the Piopiotahi Investment and Delivery Entity to support DOC on monitoring compliance with concession conditions, with enforcement powers remaining with the Minister.</p> <p>These changes would not substantially expand the scope of the Ministers powers under Part 3B, but it would confirm these approaches can be taken.</p>
What specific approaches are required in the concessions system to deliver these objectives?	<p>Institute a step change in concessions management through the following shifts:</p> <ul style="list-style-type: none"> <li>&gt; Proactive approaches to planning for and allocating concessions. This involves using best practice procurement methods to ensure activities are aligned to outcomes through allocation criteria and using fair and competitive allocation processes.</li> <li>&gt; Setting higher standards and expectations on operators to ensure commercial activities are aligned to achieving outcomes for the area through concession conditions.</li> <li>&gt; Take more deliberate monitoring, oversight and performance management of commercial activities to ensure expectations are met.</li> </ul>	<p>Historically management approaches have not necessarily been focused on ensuring the private use of public assets maintains conservation values and provides public benefit. This includes through:</p> <ul style="list-style-type: none"> <li>&gt; Allocation that is often reactive, with a first-in-first-served allocation the norm</li> <li>&gt; A high level of inconsistency between concession terms and conditions (including cost of concession and performance measures), lengthy processing times impacting investment certainty and ability to undertake improvements</li> <li>&gt; The system is oriented around the management of effects rather than supporting key conservation outcomes for the area</li> </ul> <p>These challenges are representative of a system that has evolved as visitor demands have increased rather than with intention or informed by clear strategy.</p>	
What are the implications of the Masterplan proposals for existing and future	The Masterplan proposals will have impacts on existing operators, while also providing new commercial opportunities for private operators. This includes some activities needing to be discontinued or changed to allow the proposed re-	The Masterplan proposes a large-scale redevelopment, reorganisation and upgrade of Piopiotahi Milford Sound. Some of these projects require changes to and impacts on existing concession activities.	The Board recommends examining precedents for managing the transition. This would involve using legislation to apply commercial acquisition processes for the key concessions to enable the development.



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
commercial activities?	organisation and re-development of Piopiotahi Milford Sound.		
What principles should guide transitional approaches to concessionaires?	<p>Approaches to concessionaires should adhere to the following principles:</p> <ul style="list-style-type: none"> <li>&gt; be open, fair and transparent</li> <li>&gt; ensure that concessions granted deliver positive outcomes for Piopiotahi Milford Sound and New Zealand</li> <li>&gt; be Treaty responsive, informed by the implications of the Ngāi Tai decision</li> <li>&gt; provide certainty to existing concessionaires as soon possible</li> <li>&gt; recognise the contribution concession holders have made and the desire to take a collaborative approach in the future</li> <li>&gt; support new commercial opportunities to introduce greater competition, innovation and performance while aiming to minimise unavoidable negative commercial impacts on existing concessionaires.</li> </ul>	<p>The concessions landscape is complex, integrated and underpins significant business activities.</p> <p>Ngāi Tahu have indicated that changes to concession arrangements will need to carefully consider and recognise the importance of safeguarding Ngāi Tahu rights and interests. Section 4 of the Conservation Act has implications for how concessions are allocated regarding mana whenua.</p>	
How should these changes be achieved?	Transition legislation may be desirable to address these challenges while ensuring the process is certain, well-managed and expedient. Any change will require careful management, including against potential legal risk.	<p>While there may be a need to make changes to ongoing concessions for the purposes of reorganisation and redevelopment, the current legislation provides limited ability to do this.</p> <p>Section 17ZC of the Conservation Act provides limited ability to change live concession conditions with some concessions providing lengthy terms.</p> <p>Utilising an acquisition approach follows well-established precedent provided in the Public Works Act 1981 which enables compulsory acquisition of property rights for significant government works. As concessions are akin to property rights, this approach needs to be carefully managed to recognise the constitutional principle of</p>	



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
		government respect for property rights. This process mitigates these impacts through a negotiation, valuation and compensation process with checks and balances on acquisition powers.	

## Governance and management

Current arrangements for management and governance of Piopiotahi Milford Sound are complex. The area sits at a nexus of regulatory regimes, including conservation and national parks, resource management, and transport management and investment. There is a strong view from stakeholders that current governance and management

arrangements are not fit for purpose as they cannot respond to emerging pressures, and do not provide sufficient guidance on how to make trade-offs between conservation, tourism, and commercial outcomes, or in many cases the appropriate tools to govern such decisions.

The opportunity at Piopiotahi Milford Sound is wider than a package of investments, and is about how we create an

enduring approach and clear governance and management arrangements are required to support the wider implementation of the programme, including governing the development of a strategic vision, navigating amendments to relevant strategies and plans, and coordinating and driving the overall package of investments.

Table 16: Policy recommendations - governance and management

Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
<b>A Shared Vision</b>			
<b>How to provide for a shared strategic vision and more responsive governance and management?</b>	A shared vision would be established as the primary direction to guide governance of the area. It would provide clearer direction on the values and trade-offs that need to be considered in the management of this area, and enable a shared vision across all relevant agencies to better coordinate and enable integrated management decisions	<p>The current framework is dispersed across national parks and resource management regimes. DOC activity is governed and directed primarily by the NPA and Conservation Act and the planning framework per section 43 NPA. The national parks planning framework sets the vision for the area via the cascading General Policy for National Parks, Conservation Management Strategy and Park Management Plan.</p> <p>Local government activity is governed and directed by the RMA planning framework and LGA. Regional and district plans govern how council manages the area along with long term plans.</p> <p>The challenges with this are:</p> <ul style="list-style-type: none"> <li>&gt; Current arrangements are dispersed and lack coordination between different entities.</li> </ul>	<p>Legislation is needed to provide a clear and enduring purpose, vision and values for Piopiotahi Milford Sound, and provide weight to the new vision with respect to the current planning frameworks. <b>The legislation would:</b></p> <ul style="list-style-type: none"> <li>&gt; Enable a vision to be developed as secondary legislation</li> <li>&gt; Require the vision to be consistent with the broader national parks and conservation legislative framework, including section 4 of the Conservation Act and section 4 of the NPA as modified by the Special Amenities Area provision.</li> <li>&gt; Enable the vision to provide more specific direction on how the area is governed and key trade-offs to be considered.</li> </ul>





Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
		<ul style="list-style-type: none"> <li>&gt; There is not currently a shared vision, and not a clear process for agreeing regulatory objectives or activity between the different agencies.</li> <li>&gt; The interactions between the National Park boundary and surface water activities in Piopiotahi Milford Sound needs to be strengthened to support more integrated oversight and management.</li> </ul> <p>This approach would provide a clear rationale for a new approach to governance for the area to enable the management of the pressures of high-growth tourism within a national park, particularly through investment and upgrades to infrastructure in the area. It would address concerns on the lack of shared vision by ensuring clear expectations for partner agencies to be involved and 'buy in' to the vision.</p>	<p>This would modify the application of the current framework by introducing a new form of direction on governance and management of Piopiotahi Milford Sound with implications discussed below.</p>
What legislative framework is required?	<p>This could be done by establishing Piopiotahi Milford Sound and the Corridor as a Special Amenities Area within the national park, to better enable management of the pressures of high-volume tourism. The new tools and functions for managing high volume tourism would be attached to and constrained to use in this area. The new management approaches that would be enabled in this area broadly includes:</p> <ul style="list-style-type: none"> <li>&gt; Establishing a new statutory planning approach</li> <li>&gt; Providing for new institutional arrangements for governing and managing the area with a new entity</li> <li>&gt; Providing for a levy regime and new approaches to managing access and concessions.</li> </ul>	<p>The current approach is not targeted or responsive to tourism pressures. It is not serving specific areas under pressure well, as it is difficult to adapt to emerging issues.</p> <p>The Amenities Area approach would</p> <ul style="list-style-type: none"> <li>&gt; Enable a new approach to support more targeted and responsive governance and management of the areas under specific pressure, including a new planning framework.</li> <li>&gt; Retains the area within the wider National Park with statutory protections to require demonstration of the trade off in values across conservation, environment, tourism, and commercial outcomes.</li> <li>&gt; Build on the concept of the existing amenity area provision in section 15 to ensure NPA principles apply, as modified by section 15 to ensure approaches respond to tourism pressures. This means the principles in section 4 of the NPA applies only so far as they are compatible with the development and operation of amenities and services.</li> </ul>	<p><b>Legislation would:</b></p> <ul style="list-style-type: none"> <li>&gt; Establish a new type of Amenities Area within the NPA, potentially termed a 'Special Piopiotahi Amenities Area' (Special Amenities Area)</li> <li>&gt; Establish the vision as the primary objective for how the Special Amenities Area is governed.</li> <li>&gt; Enable the range of new approaches to be applied and constrained within this area.</li> <li>&gt; Provide that within this area, the principles in section 4 of the NPA apply only so far as they are compatible with the development and operation of amenities and services.</li> <li>&gt; Clarify that unless otherwise provided for, existing regimes apply as they otherwise would (e.g. the Conservation Act would continue to apply)</li> </ul>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
How does the vision inform governance and management of the area?	The vision would govern and direct the functions and activities of the Piopiotahi Investment and Delivery Entity, DOC and local government with these entities needing to give effect to the vision. This would be constrained in specific geographic application (to new Special Amenities Area and the waters of Piopiotahi Milford Sound).	<p>This approach would address these concerns by setting clear expectations that would govern the activities of the Piopiotahi Investment and Delivery Entity, and other agencies in place. The 'give effect' requirement supports the push for more integrated strategy and decision making. This strengthens current requirements to 'have regard' to relevant management processes to ensure governance and management is more aligned.</p> <p>There are potentially significant impacts to current arrangements, but constrained in specific geographic application (to new Special Amenities Area and the waters of Piopiotahi Milford Sound).</p>	<p>Legislation is needed to provide how the new vision governs and directs governance and management of the area.</p> <p><b>Legislation would introduce a new requirement for DOC and local government to give effect to the Special Amenities Area principles and shared vision in their exercise of functions and powers under their respective regimes, with the vision prevailing over the current planning framework in Piopiotahi Milford Sound. More specifically legislation would:</b></p> <ul style="list-style-type: none"> <li>Establish the vision to have the effect of higher order planning policy under the NPA, Conservation Act and RMA. This means the vision has the effect of general policy, coastal policy and regional policies and plans and prevails over these where there are any inconsistencies</li> <li>&gt; Ensure the Piopiotahi Special Amenities Area and Investment Plan must give effect to the vision</li> <li>&gt; Require local government to review and update any part of its plans and policies that are inconsistent with the vision to make them consistent.</li> <li>&gt; Require the exercise of any functions and powers by the Minister of Conservation, DOC and local authorities under the NPA, Conservation Act, Resource Management Act and Local Government Act in Piopiotahi Milford Sound to give effect to the vision. This includes determining, monitoring and enforcing concessions and resource consents.</li> </ul> <p>This approach would modify the application of the following provisions in the Special Amenities Area:</p> <ul style="list-style-type: none"> <li>&gt; Part 3A and 3B over the Conservation Act which provides for conservation management planning and concessions.</li> <li>&gt; Part 5 of the NPA which provides for the control and management of national parks.</li> <li>&gt; Part 5 of the RMA which provides for national direction, coastal policy, regional policy statements, regional plans and district plans.</li> </ul>
How would this vision be developed?	The Piopiotahi Investment and Delivery Entity would develop and periodically review the vision for Piopiotahi Milford Sound. The vision	Joint development seeks to achieve a strengthened shared approach to considering and managing the issues and a clear	<b>Legislation would establish the process for the development and promulgation of the vision with the following requirements</b>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	should set out the shared outcomes and objectives sought for the area. It should be developed jointly with relevant partners including Ngāi Tahu, DOC, Environment Southland, and SDC. It will be contained in legislation.	role for partner agencies. Consultation will be necessary given the vision will prevail over a number of publicly consulted plans.	<ul style="list-style-type: none"> <li>&gt; Entity to develop and consult on the vision with partners and stakeholders</li> <li>&gt; Entity to recommend the vision to the Ministers for approval</li> <li>&gt; Ministers must ensure the vision is consistent with the broader national parks and conservation legislative framework, including section 4 of the Conservation Act and section 4 of the NPA as modified by the Special Amenities Area provision.</li> <li>&gt; On the advice of the Ministers, the Governor General would make an order in council to promulgate or amend the vision in the schedule to the legislation.</li> </ul>
<b>Piopiotahi Special Amenities Area and Investment Plan</b>			
What planning approach is required?	<p>Establish a new statutory plan for the Special Amenities Area which gives effect to the vision and replaces the relevant sections of the current National Park Management Plan. The plan would identify the priorities for Piopiotahi Milford Sound to give effect to the vision, having regard to direction from Ministers on the shape and scale of the overall programme. It would:</p> <ul style="list-style-type: none"> <li>&gt; Cover the usual matters addressed in a park management plan, based on the higher order planning framework.</li> <li>&gt; Spatially plan the area, identifying the commercial activities and visitor experiences that occur within each part, and the environmental and conservation outcomes that should be sought or protected.</li> <li>&gt; Recommend a process for allocating concession opportunities, including</li> </ul>	<p>As above, current planning approaches are not targeted or responsive to tourism pressures. The current process for reviewing and updating park management plans is set in sections 45 to 48 of the NPA. This provides for the preparation of management plans, amendment and review of management plans, procedure for preparing and reviewing management plans, approval of management plans, and requirement to follow conservation management strategy.</p> <p>Historically it has taken multiple years to review and amend plans, with the current Fiordland National Park Management Plan out of date. While this approach may be suited to conservation protections which need to be considered over the longer term it is not serving specific areas under pressure well, as it is difficult to review and amend to adapt to emerging issues.</p> <p>Given this, a new planning approach is required for Piopiotahi Milford Sound that is more responsive to managing the pressures of high-volume visitation. This plan will need to provide for and balance the key objectives and considerations for the area as articulated in the vision. This may or may not include a need to maintain UNESCO World Heritage status for the area through providing the necessary protections on use and development.</p>	<p>Legislation is required to remove the application of the current Fiordland National Park Management plan to the area and establish the new plan.</p> <p><b>Legislation would:</b></p> <ul style="list-style-type: none"> <li>&gt; Establish the Piopiotahi Special Amenities Area and Investment Plan as having the same effect of a NPA park management plan but that replaces the section of the Fiordland National Park Management Plan that applies to the Piopiotahi Special Amenities Area.</li> <li>&gt; Require the Piopiotahi Special Amenities Area and Investment Plan to give effect to the shared vision but otherwise seek to be consistent with the national parks planning framework, including the General Policy, Management Strategy and NPA more broadly. The vision should prevail where conflicts existing between the vision and these higher order planning documents. This is a change to current hierarchical requirements in the NPA.</li> <li>&gt; Sets requirements for the plan including the need to spatially plan the area, provide strategic approaches to concessions, manage access, administer the levy and address investment.</li> </ul>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
	<p>conditions that should be applied.</p> <ul style="list-style-type: none"> <li>&gt; Identify access controls or limits that should be in place.</li> <li>&gt; Include an investment and implementation plan which sets out a programme of works over the course of the plan's life.</li> <li>&gt; Recommend scope, quantum, and purpose of any levy, to be implemented by an SPV</li> </ul>		
What would be the process for developing the plan?	The Piopiotahi Investment and Delivery Entity would develop the Piopiotahi Special Amenities Area and Investment Plan, and review this plan every three years. In doing this, it must consult and engage with affected stakeholders and the public in the development of this plan. The plan would be approved by Ministers.		<p>Legislation is needed to establish a new development process, separate to the current NPA requirements.</p> <p><b>Legislation would establish that:</b></p> <ul style="list-style-type: none"> <li>&gt; The Piopiotahi Investment and Delivery Entity develops a ten year plan in accordance with the Piopiotahi Special Amenities Area and Vision. The Entity to review the plan or components of it, as well as on its own initiative.</li> <li>&gt; Entity must consult with relevant stakeholders on draft plan, including partner agencies, the Fiordland Marine Guardians, Conservation Board and Conservation Authority.</li> <li>&gt; The Conservation Authority advises the Minister on the draft Plan.</li> <li>&gt; The Entity to refer draft plan to Ministers for approval.</li> <li>&gt; Ministers to approve plan if it gives effect to the vision and is consistent with the NPA.</li> </ul> <p>This differs from the current NPA process in that:</p> <ul style="list-style-type: none"> <li>&gt; The Plan is prepared by the Piopiotahi Investment and Delivery Entity rather than the Conservation Board and DOC.</li> <li>&gt; The Plan is approved by Ministers rather than the Conservation Authority. This may warrant further policy consideration to ensure decision making is aligned to the statutory framework with appropriate checks and balances.</li> </ul>



Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
<b>Piopiota Investment and Delivery Entity</b>			
<b>Is a new governance and management entity required?</b>	<p>The Board recommends the establishment of a new standalone statutory entity to govern and manage the area – Piopiota Investment and Delivery Entity.</p> <p>It would have defined roles and functions set in legislation. It would be governed by a competency-based board, including representatives from Ngāi Tahu.</p> <p>A separate SPV may be required to receive levy funding and raise finance (discussed in levy section).</p>	<p>A new statutory entity is considered necessary to enable a long-term vision through its ongoing focus and responsibilities to deliver on this, while also enabling it to obtain institutional mechanisms to deliver. This includes the necessary capability, capacity and functions. The scale and complexity of change is significantly greater than investment programmes typically run by the Department of Conservation, and the proposals contain new functions and activities, as well as novel approaches to funding and financing the activity, which will push at the current capabilities of existing organisations.</p>	<p>To establish a new statutory entity, legislation is required. <b>Legislation would:</b></p> <ul style="list-style-type: none"> <li>&gt; Establish governance entity for Milford Sound</li> <li>&gt; Define the accountability arrangements, including process for appointing Board members.<sup>17</sup></li> <li>&gt; Define the entity's role, functions, and powers.</li> <li>&gt; Ensure a core purpose to protect and enhance conservation outcomes is maintained along with achieving a world class visitor experience.</li> </ul> <p>The establishment of this entity is not likely to directly require changes to existing legislative provisions.</p>
<b>What role, functions, and powers will be required?</b>	<p><b>The entity would be responsible for</b></p> <ul style="list-style-type: none"> <li>&gt; governing and managing the area, through the development and implementation of the Piopiota Special Amenities Area and Investment Plan</li> <li>&gt; Implementing that plan, including coordinating and procuring the physical works</li> <li>&gt; Determining priorities and supporting the allocation of funding from the Piopiota Protection and Restoration Fund</li> <li>&gt; Working with partner agencies to support the implementation of the shared vision.</li> </ul>	<p>The current governance and management functions and powers are held by DOC and local government and specified in legislation.</p> <p>To ensure the entity has a clear purpose and mandate, legislation would provide its purpose and role as specified, including core trade-offs that the entity must balance, to provide appropriate checks and balances against the commercial operations and core objective to enhance conservation.</p>	<p><b>Legislation would establish:</b></p> <p><b>The entity's role:</b></p> <ul style="list-style-type: none"> <li>&gt; to manage and protect Piopiota Milford Sound for now and the future, and</li> <li>&gt; lead and integrate a programme of development works</li> </ul> <p>In doing this, the entity must work to</p> <ul style="list-style-type: none"> <li>&gt; ensure a world class visitor experience, with an appropriate mix of tourism activities and amenities</li> <li>&gt; protect, restore and enhance conservation values and the natural environment</li> <li>&gt; support greater iwi participation and presence, and</li> <li>&gt; support competition and certainty for tourism operators.</li> </ul> <p><b>The entity's core functions:</b></p> <ul style="list-style-type: none"> <li>&gt; Periodically review the vision for Piopiota Milford Sound. The vision should set out the shared outcomes and objectives sought for the area. It should be developed jointly with relevant partners including</li> </ul>

<sup>17</sup> The provisions relating to membership of Conservation Boards as required by the Ngāi Tahu Settlement Act should also apply to membership of the Piopiota Investment and Delivery Entity. This would require at least two members of the new Board to be appointed on recommendation of Te Runanga o Ngāi Tahu.

Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
			<p>Ngāi Tahu, the Department of Conservation, Environment Southland, and Southland District Council and seek input from the community and local stakeholders such as the Fiordland Marine Guardians and Southland Conservation Board.</p> <ul style="list-style-type: none"> <li>&gt; Develop a ten-year Piopiotahi Special Amenities Area and Investment Plan, and review this plan every three years, which should <ul style="list-style-type: none"> <li>— Identify the priorities planned for Piopiotahi Milford Sound to give effect to the vision</li> <li>— Spatially plan the area, identifying the commercial activities and visitor experiences that occur within each part, and the environmental and conservation outcomes that should be sought or protected.</li> <li>— Recommend a process for allocating concession opportunities, including conditions that should be applied.</li> <li>— Identify access controls or limits that should be in place.</li> <li>— Include an investment and implementation plan which sets out a programme of works over the course of the plan's life.</li> <li>— Recommend scope, quantum, and purpose of any access charge.</li> <li>— Identify priorities for environmental investment.</li> </ul> </li> <li>&gt; Consult and engage with affected stakeholders and the public in the development of this plan</li> <li>&gt; Consult and engage with and provide advice to the range of agencies with responsibilities relating to the Piopiotahi Milford Sound, to achieve an integrated, holistic, and co-ordinated approach to the implementation of the vision and the plan.<sup>18</sup></li> <li>&gt; Collect the access charge on behalf of the identified SPV, and communicate on how it is used.</li> <li>&gt; Implement access controls including through parking bylaws</li> </ul>

<sup>18</sup> This includes providing non-binding recommendation to Ministers of Conservation, Tourism and Transport, Department of Conservation, Waka Kotahi, MBIE, Southland District Council and Environment Southland. The Entity may advise on the exercise of responsibilities, functions and powers under relevant legislation including the National Parks Act 1980, Conservation Act 1987, Resource Management Act 1991, Local Government Act 2002, Government Roadway Powers Act 1989, and Land Transport Management Act 2003.





Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
			<ul style="list-style-type: none"> <li>&gt; Monitor operator performance and visitor trends</li> <li>&gt; Monitor and address tranquillity, biodiversity and ecological impact through undertaking assessments, including on the impact of cruise ship access and aerodrome activities</li> <li>&gt; Allocate funding for conservation and environmental initiatives, in line with the priorities and settings set out in the Piopiotahi Special Amenities Area and Investment Plan.</li> <li>&gt; Coordinate and procure the physical works required, and provide advice to DOC on the appropriate concession terms and conditions</li> <li>&gt; Own, operate, and maintain core public-good infrastructure that is not privately owned.</li> </ul> <p><b>The Entity's powers:</b></p> <ul style="list-style-type: none"> <li>&gt; The Piopiotahi Special Amenities Area and Investment Plan development and oversight - Develop, review and recommend the 10-year Piopiotahi Special Amenities Area and Investment plan to be confirmed by Ministers, in accordance with process defined in legislation, and to be reviewed every three years. This may require supporting powers, such as powers to conduct hearings on the plan and recommend changes to the Plan out of the review cycle if necessary. While DOC retains responsibility for monitoring and compliance with the Plan, the Piopiotahi Investment and Delivery Entity has a role advising DOC on its use of these powers.</li> <li>&gt; Hold delegation powers from the SPV to collect, monitor, enforce and spend the access charge (in the form of a levy) on its behalf. This is likely to require a range of specific powers including issuing infringement notices and requesting proof of payment.</li> <li>&gt; Advisory powers to support and advise DOC on the administration of the concessions regime in Piopiotahi Milford Sound. Powers of granting, oversight and enforcement of authorisations remains with DOC. Potential for some powers to be delegated to the Piopiotahi Investment and Delivery Entity where appropriate. At a minimum this is likely to include powers to hold, share and request confidential information relating to the regulation of concessions from both DOC and concessionaires (e.g. any reporting from concessionaires). This includes supporting operationalisation of the approach to managed access, including through setting</li> </ul>

Policy issue	Policy recommendation	Rationale for policy recommendation	Legislative implications of this recommendation
			<p>scheduling with powers and role specified in concession conditions or bylaws.</p> <ul style="list-style-type: none"> <li>&gt; Other delegations - Where appropriate hold and exercise delegations of other existing functions and powers under local government resource management, roading, conservation and national parks legislation, including carparking enforcement.</li> <li>&gt; Obtain planning approvals for development and reorganisation - See and obtain necessary approvals from relevant authorities for purpose of achieving the key objectives for the area, including concessions, resource consents and plan changes. This is likely to include obtaining requiring authority status to obtain a designation.</li> <li>&gt; Ownership and operation - Own, operate, deliver, develop and procure infrastructure other activities and services using funds from the SPV.</li> <li>&gt; It would need to rely on powers under roading legislation to address any layout changes to the State Highway.</li> </ul>

## Aerodrome

The aerodrome at Piopiotahi Milford Sound is not in a physical or financially sustainable state. The Ministry of Transport owns the aerodrome itself, and has contracted Invercargill Airport Limited to operate it. DOC owns the

land beneath it. The ground conditions at the aerodrome are poor, the runway is at risk of coastal inundation, and the asset as a whole has limited remaining life left.

Table 17: Policy recommendations - aerodrome

Policy issue	Recommendation	Rationale
Retain or remove aerodrome	The Board recommends that the aerodrome is retained in the preferred option, subject to taking a long-term view to asset management.	<p>Commercial aviation access to Piopiotahi Milford Sound provides a market segment for time-poor visitors with a high willingness-to-pay.</p> <p>The infrastructure requires significant investment in the medium- to long-term, and should be managed by taking a long-term view of asset management.</p> <p>Many of the negative effects from the aerodrome, including spatial impact and noise nuisance, can be managed while retaining the aerodrome.</p>



Policy issue	Recommendation	Rationale
Long-term view for asset management	The Board recommends a long-term view of asset management for the aerodrome, with an associated investment programme.	<p>The aerodrome has limited remaining life with significant known problems in the sub-surface ground conditions under the runway, while the northwestern-end of the runway is at risk of inundation from sea level rise.</p> <p>The Ministry of Transport is in the process of increasing landing fees to return the aerodrome to financial sustainability. However, this only accounts for short-term rejuvenation of the landing strip, to extend the estimated useful life by 5-8 years.</p> <p>Significant further investment is likely to be required to improve the longevity of the asset, including developing coastal defences and to raise the runway sufficiently to manage the risk of coastal inundation.</p>
Orientation of the aerodrome	The Board recommends the aerodrome is reoriented with the apron and taxiway to the south of the runway.	<p>Reorienting the aerodrome with the apron and taxiway to the south of the runway enables view shafts from the Milford Road to Mitre Peak – improving the sense of arrival, and the visitor experience. It also enables better spatial design of the Milford village, on the Freshwater Basin-side of the runway, to better integrate the visitor experience infrastructure.</p> <p>Engineering reports outlined that reorientation of the aerodrome would cost an additional \$10m, on top of the redevelopment of the runway. Given the benefits for the wider programme, it is recommended that this is funded using the international visitor access charge.</p>
Aerodrome to cost-recover operating costs	The Board recommends that the users of the aerodrome be expected to pay for its operating expenditure. Significant capital upgrades associated with the wider intent of the Milford Opportunities Project are assumed to be drawn from the international visitor access charge.	Landing fees at the aerodrome should cover the operating costs of the aerodrome, as visitors arriving by air are the ones benefitting from the continued operation of the aerodrome. The international visitor access charge should pay for the capital costs of upgrading the aerodrome outlined in this business case, where significant long-term investments are made, as part of a general uplift in transport infrastructure. Additional costs from reorienting the aerodrome would be funded by the international visitor access charge, noting that the primary objective in reorientation is improvement to wider visitor experience.
Ongoing management of the negative effects of aviation	The Board recommends that further work to mitigate any negative effects of aviation be considered appropriately in the next phase to support implementation of the preferred option.	Negative effects of aviation, including noise, visual impact, and exhaust, should all be considered as part of the cumulative effect of activity in Piopiotahi Milford Sound, and will likely be managed through the Piopiotahi Special Amenities Area and Investment Plan, and the Fiordland National Park Management Plan, or an equivalent mechanism put in place. Further work on the application of that mechanism would come in subsequent phases.



## Cruise

The Masterplan proposes banning large cruise vessels for entering Piopiotahi Milford Sound, arguing that they cause visual impact that are not in keeping with the

beautiful natural setting, nor the vision for the plan. The Masterplan also notes that cruise ships release “smog” as visual pollutants, block key sight lines and interrupt the overall experience and environment.

Environment Southland manages cruise ship access to all of Southland’s inland coastal waters, including Piopiotahi Milford Sound. This involves working with cruise operators to schedule passage, set and maintain environmental and safety standards, and collect a fee for access under a Deed of Agreement.

Table 18: Policy recommendations - Cruise access

Policy issue	Recommendation	Rationale
<b>Retain or remove access for cruise ships in Piopiotahi Milford Sound</b>	The Board recommends that cruise vessels retain access to Piopiotahi Milford Sound in the short- to medium-term with a view to explore restrictions to cruise activity to mitigate any negative impacts on the environment or visitor experience over the longer term.	Cruise ship passengers make up approximately 30% of visitors arriving into Piopiotahi Milford Sound, offering a significant opportunity to visit.  There is a tension between the visual impacts cruise ships for visitors arriving by land and air, the cumulative environmental impacts on surface water activities, including cruise ships, against the ability to host a significant number of visitors to Piopiotahi Milford Sound without adding to congestion in the village. If subject to the IVAC, the additional revenue has potential to support substantial affordability improvements in the project overall, and to increase the scale of investments in conservation and environment initiatives. The potential for conflict with visitors arriving by land and air are manageable by mechanisms like scheduling cruise to off-peak times only.
<b>Cruise ships create a visual conflict for visitors arriving by land and air</b>	The Board recommends that options to manage cruise differently are considered by the new entity after ten years. notes that Environment Southland is running a plan change process for the Coastal Plan, with notification likely in 2025.	Management of cruise ships, and other surface water activity in Southland internal waterways is under the jurisdiction of Environment Southland, administered under the Coastal Plan. Future integrated management may see advice or direction given to Environment Southland to change the Coastal Plan or implement other mechanisms.
<b>Cruise ships present a risk for the environment, marine mammals, and biosecurity</b>	The Board recommends that options to further manage the impacts of cruise activity is considered by the new entity after ten years, to allow time for enhanced monitoring of cruise ship impacts and their contribution to cumulative effects, and notes that Environment Southland is running a plan change process for the Coastal Plan, with notification likely in 2025.	Management of the effects of cruise ships and other surface water activities in Southland’s internal waterways, including Piopiotahi Milford Sound, are under the jurisdiction of Environment Southland as administered under the Coastal Plan.



## Management decisions to be considered in the future.

Table 19: Future management decisions

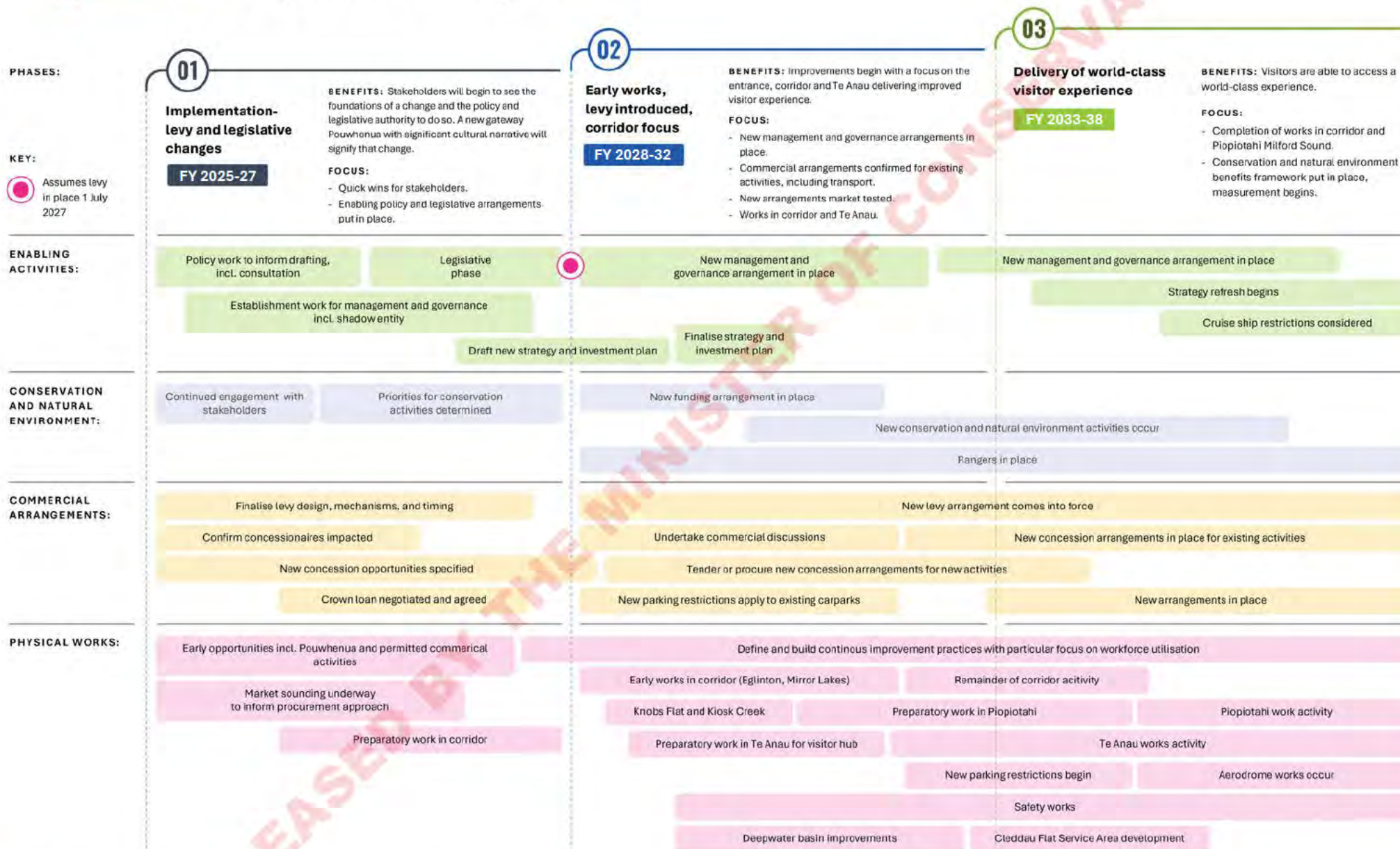
Future decisions	Rationale decision should be management-based or for implementation	Vehicle to implement
<b>Aviation access</b>		
<b>Managing the impact of commercial aviation access</b>	Negative effects of aviation, including noise, visual impact, and exhaust, should all be considered as part of the cumulative effect of activity in Piopiotahi Milford Sound. That activity changes over time, so it is appropriate to take a dynamic view of managing its cumulative impact.	Revisions to the Fiordland National Park Management Plan (through the new Piopiotahi Special Amenities Area and Investment Plan). Changes could include a revision to the number or nature of concessions granted, implementation of scheduling requirements, or other specific requirements like flight paths above take-off and approach/landing.
<b>Ongoing ownership and management of the aerodrome</b>	Aerodrome ownership and management is not part of part of the Ministry of Transport's usual business. A wider discussion in subsequent phases is necessary to determine the most appropriate owner.  This decision should be considered at the implementation phase which will enable sensible integration with the most appropriate asset owner and manager, with the new governance regime.	Potential to transfer the asset ownership and management function to another entity, noting that Ngāi Tahu retain rights of first refusal where the asset is disposed or sold to an entity outside of the Crown. A primary consideration would be the merit of transferring it to the new Piopiotahi Investment and Delivery Entity, to provide more integrated management of the area.
<b>Cruise access</b>		
<b>Adjustments to cruise ship access</b>	Managing access for cruise ships, and their impact on the environment and visitor experience requires continuous review, and the ability to be responsive to emerging or changing risks. The new governance structure should oversee and manage the specific features of cruise access.	Management and review of access changes taken through the new governance structure, with implementation through Environment Southland and its Coast Plan.
<b>Managed access</b>		
<b>Implementation mechanisms and details for parking enforcement, and fining mechanisms.</b>	Detailed implementation work is necessary to determine the most effective approach in ensuring the pre-booked parking access, with enforcement, delivers the managed access outcomes as intended. This includes ensuring that any unintended consequences are avoided, that the enforcement powers are right-sized, and information campaigns are appropriate.	The Minister of Conservation has ability to make bylaws under the NPA to control vehicles within the park that are consistent with the management plan.
<b>Parking restrictions and enforcement in the Milford Corridor</b>	Implementation design is necessary in later phases to design an effective approach to managing parking restriction and enforcement along SH94, including designing and implementing parking penalties for non-compliance and exploring delegation frameworks.	NZTA can set bylaws to restrict parking on state highways under the Land Transport Management Act 2003. NZTA does not have enforcement officers, but where agreed with NZTA, local council parking wardens can be delegated authority to enforce parking restrictions along state highways.



Future decisions	Rationale decision should be management-based or for implementation	Vehicle to implement
<b>Levy design</b>		
<b>Components of the levy compliance and enforcement regime</b>	Detailed implementation design of the levy enforcement regime is appropriate to complete at the implementation <i>phases</i> of the project. This will involve working with advice from the Ministry of Justice to give effect to best practice, including things like setting infringement notice fee levels.	Defined in legislation potentially regulations.
<b>Management and Governance</b>		
<b>Geographic boundaries for Special Amenities Area</b>	This business case proposes carving out the identified area from the current National Park Management Plan for the Special Amenities Area – following roughly the corridor and the village, and capture key nodes for proposed investment and new activities. Exact boundaries should be defined at the implementation phase to ensure that the intended effects are achieved.	To be confirmed in the implementation phase based on final set of progressed initiatives, and in consultation with Ngāi Tahu. To be defined in legislation.
<b>Detail on the new vision</b>	Further detail on the process for preparing and approving the new vision and statutory plan is necessary. This includes confirming a process for public involvement and consultation, and approval. This is appropriate for the implementation phase due to the complexity of the discussions required.	To be confirmed through implementation phase.
<b>Aligning regulatory decision-making</b>	<p>The Board considers that there are significant opportunities to improve how regulatory agencies coordinate, particularly relating to the granting of concessions and consents, to support the outcomes sought for Piopiotahi Milford Sound.</p> <p>This would involve DOC, ES, and SDC working together and potentially with the new Piopiotahi Investment and Delivery Entity) to identify opportunities to improve structured coordination through informal and formal relationships. It should focus on opportunities to align timeframes and processes to provide certainty to operators.</p>	To be confirmed through implementation phase. May include MOU or other agreements to help codify aligned processes and relationships.



# Appendix 6.5: Implementation plan





## Appendix 6.6: Risks

Risks, Type	Description	Impact on successful delivery	Likelihood of occurrence	Mitigation and management	Risk intensity
<b>Strategic</b> <b>Officials' availability and capacity not sufficient to affect change</b>	Officials at DOC or any other departments lack capability or capacity to implement the changes required in this proposal	<b>High</b> Insufficient capability or capacity to affect change in this proposal will materially delay the outcomes in this project and could deteriorate the affordability.	<b>High</b> The delivery programme will require a significant amount of work, including servicing minister and drafting legislation.	In the implementation phase, ensure that there is clear project management to ensure that Cabinet and legislative timelines are understood and met.	25
<b>Strategic</b> <b>Relationship with Ngāi Tahu deteriorates</b>	Ngāi Tahu, as mana whenua, have had a close involvement in the development of the business case through the Advisory Board. There is a risk that a transition to a BAU proposal will be a step back in this close level of partnership and involvement and the relationship gains will be lost.	<b>High</b> Acknowledging Ngāi Tahu as mana whenua is a core investment objective of this project, deterioration of the relationship would make this objective materially harder to achieve.	<b>Medium-high</b> There is inflated risk as the project oversight transitions between units (e.g. from the Board, to DOC, then to the Piopiotahi Investment and Delivery Entity) that relationships are not appropriately carried forward.	Officials managing the next phase of work should ensure there is a deliberate and consistent relationship with Ngāi Tahu, including direct involvement in development advice.	20
<b>Levy</b> <b>Delay to IVAC implementation</b>	Delays in implementing the IVAC, and the subsequent ability to collect revenue.	<b>High</b> IVAC revenue is essential to establishing the project as self-funding initiative. Delays to IVAC revenue therefore will delay contributions to community and conservation initiatives and could delay infrastructure development.	<b>Medium-high</b> Delays could come from difficulties in getting House time to pass the enabling legislation, in promulgating necessary regulations, or in establishing the technological and enforcement infrastructure to support IVAC collection.	Work with Ministers and other decision makers to ensure the authority to levy is granted in line with their ambition to deliver this project, and funding implications are well understood.	20
<b>Levy</b> <b>An event causes a significant drop in visitor numbers</b>	An event like an earthquake or pandemic significantly reduces visitor volumes for a period.	<b>High</b> Significantly lower, or eliminated visitor numbers would have a substantial negative impact on the delivery and maintenance of the infrastructure projects, or "giving back" to community and conservation initiatives.	<b>Medium-high</b> The chances of such an event occurring in any given year is low, but over the modelled period, the chances increase.	Model sensitivities with short periods of time with substantial reductions in visitor volumes – similar to the covid pandemic.	20
<b>Strategic</b> <b>Natural disaster</b>	A natural disaster post construction strikes Piopiotahi Milford Sound or the corridor	<b>High</b> High threat to life in a range of seismic scenarios, most notably, a landslide-induced tsunami in Piopiotahi Milford Sound.	<b>Medium-high</b> Estimates vary, but >50% likelihood of an AF8 event occurring in the next 50 years.	Design infrastructure with refuges, to help mitigate the potential loss of life. Improve education on the risks of visiting Piopiotahi Milford Sound.	20



Risks, Type	Description	Impact on successful delivery	Likelihood of occurrence	Mitigation and management	Risk intensity
<b>Budget Capacity and capability constraints in the proposed construction workforce or supply chains</b>	Piopiotahi Milford Sound and the corridor's remote location makes it difficult for developers to gather a suitable workforce or supply chains.	<b>High</b> Without appropriate workforce or supply chains to develop the projects, costs, timelines and feasibility will all deteriorate.	<b>Medium-high</b> It is well-known that Piopiotahi Milford Sound and the corridor is in an isolated and remote environment. With that understanding, developers have time to develop workforces and supply chains to meet commitments that they are working on.	Ensure that successful contractors develop and demonstrate plans for developing and managing workforces and supply chains in the remote and isolated environments that this project operates within.	20
<b>Regulatory House time delays the enabling bill</b>	The passage of the enabling legislation is later than outlined in this business case.	<b>High</b> Delays in the passage of the enabling Bill will materially delay the delivery of the project – which in turn would also increase costs. This is most material for the power to collect levy revenue.	<b>Medium-high</b> Cabinet will need to consider the enabling Bill alongside other government priorities, which could lead to delay in its passage with the limited House time in the sitting calendar.	Work with Ministers to right-size the priority of this project against the delivery schedule.	20
<b>Budget Construction delays</b>	Various causes of delays to the construction timeline, including supply chain disruption, personnel, or contracting.	<b>Medium-high</b> Because of limited seasonal windows for certain projects, delay could have a material delaying effect on the delivery of the overall project.	<b>Medium-high</b> The complex development environment, combined with the wide range of initiatives under this project, and the isolation of the development landscape, means that there is a material risk of construction delays.	Develop a detailed construction schedule at the implementation phase that accounts for risks and challenges for the environment and nature of development.	16
<b>Budget Budget overrun</b>	Key infrastructure development projects have higher costs than expected, resulting in cost overrun of the overall work programme.	<b>Medium-high</b> Cost overruns in aggregate could reduce ability to complete the proposed infrastructure programme or could reduce the available funds to "give back" to conservation and community projects.	<b>Medium-high</b> Cost overruns in one or more key projects are likely, given the number of projects considered, uncertainty on the time horizon, decisions still to be taken on the ambition around pace of development, and the challenges with developing infrastructure in a remote location.	This business case has outlined assumptions under which cost calculations have been made, and it is explained that changes to those assumptions necessitate a recalculation of the cost estimates. The implementation phase of this project will also need to consider a construction management approach, to ensure that projects are delivered on time and within budget.	16
<b>Transitional impacts/Budget Less funding for conservation and environment initiatives</b>	Funding for the giving back component of the levy allocation – to conservation and community initiatives – lower than forecast	<b>Medium-high</b> The giving back component of levy collection is a core feature of the project, to offset the negative impacts of tourism in the area.	<b>Medium-high</b> Decisions to exempt individual groups can have a significant impact on the cashflow of the project and therefore its ability to fund community and conservation projects.	Ensure decision makers understand the impact of individual decisions, in particular to decrease the levy base.	16



Risks, Type	Description	Impact on successful delivery	Likelihood of occurrence	Mitigation and management	Risk intensity
<b>Strategic Construction impact</b>	Construction of proposed infrastructure impacts conservation and environmental values to a greater extent than planned for.	<b>Medium-high</b> Many of the construction activities are in, or close to, pristine natural environments, with high conservation values.	<b>Medium-high</b> The likelihood of conservation values being impacted is higher due to the scale, number, and complexity of the individual projects that this project seeks to achieve.	Detailed conservation and environmental management plans will need to be implemented and enforced, at least in the most sensitive areas.	16
<b>Strategic Greater displacement of visitors to more pristine environments</b>	Visitors avoid Piopiotahi Milford Sound and increase traffic in more pristine parts of Fiordland.	<b>Medium-high</b> This would work against the project's ambitions to improve conservation outcomes, by risking visitors impacting a wider range of locations in the Fiordland National Park.	<b>Medium-high</b> It is likely that a small number of visitors will displace to other parts of the national park where they are not liable for the levy. It is much less likely that a large volume of visitors will displace.	Support initiatives to make visiting Piopiotahi Milford Sound attractive and easy, including working with regional tourism initiatives to align messaging.	16
<b>Regulatory Regulatory delays</b>	Delays to consents, and required regulatory and plan changes.	<b>Medium-high</b> Delays to consents risks delaying overall construction timelines. Because of the seasonal nature of the development programme, this could create compounding delays.	<b>Medium-high</b> The complex consenting environment makes elevates the likelihood of challenges emerging in the consenting landscape.	Develop a comprehensive consenting strategy as part of the implementation phase, including working with consenting authorities to understand their challenges.	16
<b>Practical Health and safety incidents</b>	An incident occurs that affects the health and safety of construction workers or the public.	<b>Medium</b> Health and safety incidents could deteriorate the reputation of the project, and therefore the community buy-in. It could also create delays to the delivery schedule.	<b>High</b> The complex development environment, combined with the high volume of visitors travelling through the area, makes for a high likelihood of a health and safety incident, if the risks aren't mitigated.	Develop health and safety plans for workers, and signage for visitor arrivals along the corridor, warning of construction works.	15
<b>Budget Geological conditions, or isolation of Piopiotahi Milford Sound makes construction more challenging than expected</b>	The variable and challenging geological conditions under Piopiotahi Milford Sound and the corridor, or the relative isolation of the construction environment, creates unforeseen challenges	<b>High</b> Unforeseen challenging geological conditions under a construction project can add significant delays, costs, or render a project infeasible. The relative isolation of Piopiotahi Milford Sound and the corridor could exacerbate delays caused by other factors.	<b>Medium</b> Many of the geological conditions under different parts of the corridor are not fully tested. The isolation challenges at Piopiotahi Milford Sound and the corridor are well-known, and are unlikely to present unwelcome surprises.	Conduct site-specific and proportionate ground conditions testing before commencing development of any project.	15
<b>Regulatory Litigation – environmental concerns</b>	The project faces legal action on environmental or climate grounds.	<b>High</b> Legal action on environmental concerns could materially deteriorate the delivery schedule of the project as a whole, or the feasibility of select elements.	<b>Medium</b> The project is due to operate in a pristine, symbolic and highly protected part of the conservation estate.	Publicly communicate the purpose of the project, including with environmental groups. Ensure strict compliance with environmental regulations.	15



Risks, Type	Description	Impact on successful delivery	Likelihood of occurrence	Mitigation and management	Risk intensity
<b>Regulatory Litigation – commercial concerns</b>	The project faces legal action on commercial or economic grounds.	<b>High</b> Legal challenge on things like allocation of commercial concessions could present material challenges to delivering aspects of this project, including where there are proposals to expand conditions on concessionaires.	<b>Medium</b> Changing commercial conditions commonly presents legal risk as business owners seek to defend their interests.	Ensure changes to concession and other commercial arrangements are well-communicated and in line with the governing legislation.	15
<b>Regulatory Litigation – regulatory concerns</b>	The project faces legal action on resulting from regulatory action or statutory decision making.	<b>High</b> Judicial review could materially change the timelines, costs and feasibility of elements of the project, as the Crown defends its decision-making, and addresses any subsequent decision from the courts.	<b>Medium</b> There are a range of decisions that could attract challenge under this project, including those that may attract judicial review such as where there is a perceived commercial community or environmental interest.	Consider legislative amendments to provide certainty to decision making.	15
<b>Budget Lack of attractiveness for private finance</b>	Private finance not willing to invest in the project and / or terms are not sufficiently attractive	<b>High</b> This would harm the project's ability to leverage debt and meet the build and giving back commitments in this business case. Alternatively, it would require seeking debt or guarantees from the Crown which is against the objective of having the project self-funding	<b>Medium</b> The attractiveness of private finance on sufficiently attractive is likely most heavily driven by the scale of debt that the project would seek to leverage.	Aligning the build programme and levy collection forecasts to ensure that debt requirements are kept at manageable levels, will help improve the private finance terms for the project.	15
<b>Strategic Expectations and authority misaligned</b>	High expectations remain with lower levels of authority provided to implement change	<b>High</b> Without the authority or levers to implement change, it will not be realistic to affect the change outlined in this business case.	<b>Medium</b> As the feasibility assessment concludes, there is a risk in handing over to departments that advice changes and loses nuanced links between authority, levers and ambition in the project.	Ensure that the expectations and required authority and levers are presented as a package, making clear to decision makers the link between the two.	15
<b>Practical Event impacts construction sites</b>	A natural event, such as earthquake, tsunami or storm, impacts construction activities	<b>High</b> Depending on the severity of the event, this could result in loss of life for those working on the site. Other impacts could include increased costs and extended construction timelines.	<b>Medium</b> Many of the construction sites are in multi-hazard zones, including rockfall and avalanche.	In areas prone to avalanche, only complete works during summer months. To manage other risks, a detailed hazard management plan will be necessary.	15
<b>Regulatory UNESCO World Heritage status is removed due to</b>	More enabling changes to the national parks planning framework and over development results in UNESCO withdrawing the status.	<b>High</b> This would be a failure to achieve objectives to protect the heritage status and values and potentially	<b>Low</b> Assessment report from Boffa Miskell anticipates protection of world heritage values will be	Close engagement with UNESCO and experts through implementation of development of policy and projects, to ensure the	15



Risks, Type	Description	Impact on successful delivery	Likelihood of occurrence	Mitigation and management	Risk intensity
overdevelopment and use		result in reduced visitation a reputational impact.	achieved but there are international instances of UNESCO removing status due to overdevelopment.	planning framework and projects protect world heritage values of the park.	
<b>Budget</b> <b>Obsolescence of technological investments</b>	Technological investments to manage access and collect the levy become obsolete with time.	<b>Medium</b> Technology obsolescence can create significant additional costs in development, to ensure that platforms remain sufficiently current for the purposes they serve.	<b>High</b> Over the modelled lifespan of this project, some level of technology obsolescence is almost inevitable.	Ensure that technology investments are right-sized to the length of time that they are expected to serve their purpose before reaching obsolescence and require substantial upgrades or rebuilds.	15
<b>Strategic</b> <b>Governance oversight not fit-for-purpose</b>	The governance of the new entity does not have the capability to make good decisions.	<b>High</b> Poor decisions on the implementation of the project could materially deteriorate the outcomes sought.	<b>Medium</b> This risk materialises strongly with political appointments to the Board, misaligned with the capability that it needs.	Ensure a thorough and careful appointment process for Board members, with fixed terms and review periods as necessary.	15
<b>Strategic</b> <b>Government policies or priorities change</b>	Future government policy changes that impact the entity's ability to deliver against the intention of this project	<b>Medium-high</b> The proposals in this project are heavily interwoven and there is a risk that individual decisions taken in isolation have unintended consequences for the wider objectives. Priority shifts could also come with changes to funding arrangements, including the revocation of guarantees.	<b>Medium</b> While successive governments have supported the feasibility work in the Milford Opportunities Project, the decisions will naturally reflect the priorities of the government of the day.	Work with any future Ministers to ensure strong understanding of the intentions of the project and communicate its interwoven nature.	12
<b>Strategic</b> <b>Delays to decisions result in chilling of investment in tourism activities.</b>	It is likely that tourism operators are delaying investment in activities in Fiordland and other national parks while they await outcomes and decisions in this project.	<b>Medium</b> It is a core investment objective to enable opportunities for private enterprise. Chilling investment has a negative effect therefore on a core objective.	<b>Medium-high</b> Any delays or indecisions, regardless of their cause, will contribute to uncertainty for operators.	Officials should work with Ministers to continue momentum of this project, including informing decisions swiftly, especially as they relate to concession arrangements.	12
<b>Budget</b> <b>Construction materials fluctuate in costs</b>	Commodity prices for key construction materials materially change in price from those budgeted.	<b>Medium</b> Varying construction costs could increase the overall build costs of the projects, and thereby decrease the amount of funding available for conservation and community initiatives.	<b>Medium-high</b> Construction material costs have varied significantly in recent years – most notably in the post-covid demand spike.	Agree materials cost with suppliers in advance of the development schedule. Account for variations in costs in the development programme.	12
<b>Budget</b> <b>Funding uncertainty</b>	Levy revenue insufficient or too uncertain to support the intended infrastructure development programme or investment not backed by the Crown	<b>Medium-high</b> Insufficient or uncertain levy revenue could deteriorate the project's ability to achieve the outcomes it sets out in this business case, affecting the	<b>Medium</b> The greatest funding uncertainty is likely to come from variations in visitor volumes, or in different compliance with the levy payments.	Ongoing monitoring of visitor volumes and forecasts will be necessary. This will need to include data collection on the total number of visitors, compared to the levy revenue collected.	12



Risks, Type	Description	Impact on successful delivery	Likelihood of occurrence	Mitigation and management	Risk intensity
Regulatory Non-compliance with environmental regulations		infrastructure development pipeline and/or the giving back component of the levy – either of which will deteriorate the successful delivery of the project as a whole.	Visitor volumes could fluctuate from exogenous world events, like energy price spikes. Challenges with compliance is discussed below.		
	Construction and commercial visitor activities not compliant with environmental protection regulations.	<b>Medium-high</b> Many of the construction activities are in, or close to, areas that are relatively untouched by human activity. Poor compliance with environmental regulation would risk deterioration of those sites. Further, non-compliance with environmental regulations would risk litigation or removal of consents – which would hamper delivery of the project's infrastructure commitments.	<b>Medium</b> With a significant range of individual projects, operating in a complex regulatory environment, there's a reasonable chance of non-compliance.	Detailed consenting and compliance plans are necessary for the more complex or risky projects.	12
Levy Non-compliance with levy / access restrictions	Substantial numbers of visitors avoid paying the levy and/or the access restrictions implemented under this project.	<b>Medium-high</b> Low compliance with levy collection will deteriorate the revenue base, and result in higher debt, and/or delayed infrastructure build schedule and/or reductions in the funds available for conservation and community initiatives. Reductions in the effectiveness of access management will likely see continuation of congestion at the daily peak – which is in conflict with the objective to improve the visitor experience.	<b>Medium</b> There is a material risk that discussion on online forums like TripAdvisor spread tips for avoiding access restrictions and levying enforcement, which could lead to visitors seeking to exploit gaps in the access management and levy system.	Implement an effective communications approach on ways that visitors can pay the levy and avoid infringement or access denial. Use highly visible enforcement mechanisms like rangers at Piopiotahi Milford Sound, to help remind visitors of their obligations to pay.	12
Strategic Lack of buy-in and support for policy changes such as new levy or managed access regime	Local communities do not understand and / or support the proposed changes	<b>Medium-high</b> Without community support, initiatives like managed access and the levy may become less effective, as the community seeks ways of not complying with the project's ambitions.	<b>Medium</b> The imposition of a levy without supporting communications on its purpose, could make it difficult for concessionaries to explain to their customers why they're being charged an additional fee.	Clear communication of the purpose and progress of the initiatives at community events will help maintain community support for the initiative.	12
Transitional impacts Giving back to conservation or community ineffective	Community and conservation elements of the "giving back" fund ineffective projects	<b>Medium</b> Conservation and community outcomes materially deteriorated through funding ineffective initiatives.	<b>Medium</b> Depending on the specific features of the fund design, it is likely that there will be initiatives of varying	In developing the fund design, ensure that clear parameters and measurement of outcomes are set out for applicants.	9



Risks, Type	Description	Impact on successful delivery	Likelihood of occurrence	Mitigation and management	Risk intensity
Strategic Tourism impact	Changing visitor profile and volume impacts conservation and environmental values differently than outlined in this business case. For example, by promoting more walking tracks, more visitors walk into pristine areas.	<b>Medium</b> Risks deterioration of conservation outcomes in Fiordland National Park.	<b>Medium</b> An increase the number of visitors taking excursion stops along the corridor will likely increase, which in turn will likely increase the volume of visitors straying from tracks.	Targeted information campaigns through signage.	9
	The project loses support from Southland community, or wider New Zealand community.	<b>Medium</b> Loss of social licence could lead to deteriorated compliance with wider initiatives like the levy and access management.	<b>Medium</b> Disruption from the construction activity across the project's nodes could deteriorate social licence.	Clear communication of the purpose and progress of the initiatives at community events will help maintain community support for the initiative.	9
Practical Cyber security	Cyber attacks on levy collection, managed access platforms, or construction technological infrastructure.	<b>Medium</b> Could temporarily stop the project's ability to gather levy revenue, or manage access to Piopiotahi Milford Sound— thereby deteriorating the revenue base, and/or allowing unmanaged demand.	<b>Medium</b> Online platforms carry an inherent susceptibility to cyber-attack, especially where there is a storage of personal information.	Only holding personal information for the minimum time required will help reduce the attractiveness ("honey-pot") of the levy or managed access server. Appropriate investments in cyber security are also necessary.	9
Transitional impacts User uptake of technological investments	Managed access or levy collection platforms see low use due to users not understanding or engaging with the required platforms.	<b>Medium-high</b> Poor user uptake could limit the effectiveness of the purpose of the platforms – to collect levy revenue or manage access	<b>Medium-low</b> The tasks that this project is asking visitors to complete on online platforms are relatively simple in nature – e.g. pay a levy, book a carpark. It is unlikely to present a material barrier to uptake.	Ensure that the design of any online platforms for access management and levy collection are as simple to use as possible, and the purpose and requirements for use are well-communicated.	8
Levy Visitor volumes are lower than expected	Modelled visitor materially lower than outlined in this business case.	<b>Medium-low</b> Lower visitor volumes would deteriorate the levy revenue gathered, and decrease the number of people benefiting from the improved visitor experience.	<b>Medium-high</b> Visitor volumes are likely to change over the horizon forecasted in this business case, owing to a range of exogenous reasons.	Adjust expectations on build schedule or grants issued under the giving back component to match the levy revenue.	8
Budget Stranded asset risks	Once constructed, existing or new assets are not able to be utilised as expected, leading to stranded assets and potential ongoing liabilities for the entity or the Crown	<b>Medium</b> This would create ongoing costs for the entity or the Crown while bringing limited ongoing value. The impact on the successful delivery of the project would largely depend on the affected asset – with large, more complex assets having a greater effect.	<b>Medium-low</b> A material shift in visitor profile is the most likely cause of stranded assets – possibly caused by climate change or a natural disaster affecting visitors' ability or desire to travel to Piopiotahi Milford Sound.	Re-modelling of visitor demand, and the infrastructure projects that would improve their visitor experience, before the infrastructure development occurred, would help to mitigate this risk.	6



Risks, Type	Description	Impact on successful delivery	Likelihood of occurrence	Mitigation and management	Risk intensity
		Where assets are directly identified as affected, funding has been allocated for deconstruction.		Concession conditions for new concessions should include clear 'make good' provisions.	
<b>Levy Visitor volumes are higher than expected</b>	Modelled visitor volumes materially higher than outlined in this business case.	<b>Medium</b> Higher visitor volumes could deteriorate the visitor experience outlined in the preferred option by creating congestion, conflicting with the perception of a wilderness.	<b>Low</b> Unlikely to occur. Given the expense of visiting Piopiotahi Milford Sound from overseas, it is unlikely that a large and unpredictable increase in visitors will occur.	Empower the entity to work with operators to promulgate additional demand management measures to ensure that the visitor experience is not deteriorated by congestion.	3
<b>Strategic Government priorities change</b>	The government priorities change such that the strategic purpose of this project no longer fits.	<b>Medium</b> A change of government, or a change of priorities could shift the purpose of the project, which could add significant costs and delays.	<b>Low</b> Successive governments have supported the feasibility work under this project. It is unlikely therefore that a priority shift will be such that material aspects of the project will need to change.	Continue to communicate to Ministers and the public, the value of the project, its ambitions and its outcomes.	3

# Document information

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## Revision History

Version	Issue Date	Changes
1.0	24 May 2024	Strategic Case and business case structure
2.0	20 June 2024	Integrated business case draft 1
3.0	25 June 2024	Integrated business case draft 2 incorporating board feedback from 21 June meeting
4.0	27 June 2024	Full business case quality assurance
5.0	30 June 2024	Final business case
6.0	17 July 2024	Final business case image changed

## Document Review

Role	Name	Status
Project Manager	Sam Pinniah, Martin Jenkins	Reviewed
Project Director	Sarah Baddeley, Martin Jenkins	Reviewed

## Document Sign Off

Role	Name	Status
Programme Director	Chris Goddard, Milford Opportunities Project	
Programme Sponsor	Jenn Bestwick, Milford Opportunities Project Ministerial Advisory Group Chair.	



# GLOSSARY OF TERMS

## Te Reo Māori to English terms

Te Reo Māori term	English Explanation
Ahi kā roa	The descendants who have kept the fires burning through the ages.
Aotearoa	New Zealand
Aoraki	Mount Cook
Hapū	Clan / sub-tribe
Hauora	Health
Hinepipiwai hinepipiwai	Lake Marian
Hine Titama	Daw Maid, daughter of Tane and Hineahuone
Hui	Gathering, meeting
wi	Tribe or Nation, also known to refer to bones
Kā Tiritiri o Te Moana	the Southern Alps
Kaimoana	Seafood
Kaitiaki	Guardian and protector
Kaitiakitanga	Guardianship and protection. It is a way of managing the environment, based on Māori views.
Kaitiakitanga of Ngāi Tahu	Ngāi Tahu customary practices of guardianship
Kāti Māmoe	Ngāti Mamoe, descendants of Hotu Mamoe

Te Reo Māori term	English Explanation
Ki uta ki tai	Mountains to the sea
Mahinga kai	The knowledge and values associated with customary food gathering places and practices
Mana	Power, Prestige, Status
Manaakitanga	Hospitality, support, care
Mana Whenua	Trusteeship of land
Manuhiri	Guest, visitor
Māori	Native people
Mātauranga	Knowledge
Mātauranga Māori me te taiao	Māori environmental knowledge
Mauri	Life force or essence
Murihiku	Southland area
Ngāi Tahu	Descendants of ahu Potiki
Ngāi Tahu Whānui	Ngāitahu, Ngāti Mamoe, Waitaha
Nohoanga	Traditional site of settlement
Ō Tāpara	Cascade Creek
Papatipu Rūnanga	Mana whenua Council
Piopiotahi	Milford Sound
Pouwhenua	Post marker of ownership, boundary marker, land marker post, land symbol of support
Pūrākau	Story
Raki	Sky father
Rahotu	Mitre Peak
Rakiura	Stewart Island



Te Reo Māori term	English Explanation
Rangatiratanga	Power, authority
Rohe	boundary, district, region, territory, area, border (of land).
Rūnaka, Rūnanga	council, tribal council, assembly, board, boardroom, iwi authority - assemblies called to discuss issues of concern to iwi or the community.
Takiwā	Region or territory
Tangata	People
Tangata whenua	Local indigenous people
Taoka/Taonga	Treasure
Tapū	Sacred, forbidden
Tauranga waka	Landing site for waka entering Piopiotahi Milford Sound
Te ao Māori	Māori customs and practices
Te Huakaue	Knobs Flat
Pariora	The area known as “Lille Tahiti” or Cleddau Flats Service Area
Te Moana o Atawhenua	Fiordland Marine Area
Te Rua o Te Moko	Fiordland National Park
Te Taiao	The Environment
Te Tai Poutini	The West Coast
Te Wāipounamu	the South Island
Te Wāhipounamu	World Heritage Area
Te Waka o Aoraki	Aoraki's waka, the South Island
Tino Rangatiratanga	Absolute, real authority
Tikanga	Customary correct practices
Tū Te Rakiwhānoa	An Atua (deity) who shaped the Fiordland Coast using his mighty tōki (adze) Te Hamo
Wairua	Spirit

Te Reo Māori term	English Explanation
Waitaha	One of the three tribes that make up Ngāi Tahu Whānui
Waka	Canoe, vehicle
Waka Kotahi	NZ Transport Agency
Wānanga	Learning seminar
Whakapapa	Genealogy, family tree



## English terms used in the Business Case

Term	Explanation
<b>Biofouling</b>	Accumulation of microorganisms on ship hulls or machinery.
<b>bps</b>	Basis points – equivalent to one one-hundredth of one percent.
<b>CIP</b>	Crown Infrastructure Partners
<b>Concession</b>	Permissions administered by the Minister and Department of Conservation under the Conservation Act 1987, including leases, licences, permits and easement
<b>CPI</b>	Consumer Price Inflation
<b>DOC</b>	Department of Conservation
<b>ES</b>	Environment Southland
<b>FNPMP</b>	The Fiordland National Park Management Plan
<b>IFF</b>	Infrastructure Funding and Financing
<b>IVAC</b>	International Visitor Access Charge – a levy proposed under the preferred option
<b>Masterplan</b>	The Masterplan for Phase 2 of the Milford Opportunities Project
<b>Milford Corridor</b>	The road and surrounding area between Te Anau and Piopiotahi Milford Sound
<b>MOP</b>	The Milford Opportunities Project
<b>MOT</b>	Ministry of Transport
<b>MSI</b>	Milford Sound Infrastructure
<b>MSTL</b>	Milford Sound Tourism Limited
<b>NPV</b>	Net Present Value
<b>OBEGAL</b>	Operation budget before gains and losses
<b>Piopiotahi Special Amenities Area and Investment Plan</b>	A proposed new statutory planning document to govern the Special Amenities Area, replacing the current Fiordland National Park Management Plan for that Area defined.
<b>Piopiotahi Investment and Delivery Entity</b>	The delivery entity overseeing the investment programme set out in this business case.

Term	Explanation
<b>Piopiotahi Protection and Restoration Fund</b>	The fund proposed to be established under the preferred option in this business case, to fund conservation and environment initiatives
<b>Piopiotahi Special Amenities Area</b>	New Amenities Area proposed to be established under the National Parks Act.
<b>PSC</b>	Public Service Commission
<b>SDC</b>	Southland District Council
<b>SPV</b>	Special Purpose Vehicle
<b>Tranquillity assessment</b>	Measurement of the disturbances to natural calm and quiet.
<b><i>Undaria pinnatifida</i></b>	Invasive Asian kelp present elsewhere in Fiordland
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>WACC</b>	Weighted Average Cost of Capital







**MILFORD  
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